# BERGRIVIER MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS

## FOR THE

## YEAR ENDING 30 JUNE 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages **1 to 68**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr. G.W. Louw
Municipal Manager

15 October 2007
Date

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## BERGRIVIER MUNICIPALITY
## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

| | Note | 2007<br>R | 2006<br>R |
|---|---|---|---|
| **NET ASSETS AND LIABILITIES** | | | |
| **Net assets** | | 129 155 962 | 118 881 359 |
| Housing Development Fund | 2 | 2 434 152 | 2 567 837 |
| Capital replacement reserve | | 16 348 317 | 20 000 000 |
| Capitalisation reserve | 3 | 16 146 301 | 17 908 145 |
| Government grant reserve | 3 | 44 973 042 | 41 963 930 |
| Accumulated Surplus/(Deficit) | | 49 254 150 | 36 441 447 |
| **Non-current liabilities** | | 15 416 673 | 11 017 604 |
| Long-term liabilities | 4 | 14 555 054 | 11 017 604 |
| Non-current provisions | 5 | 861 619 | - |
| **Current liabilities** | | 22 188 160 | 14 162 161 |
| Consumer deposits | 6 | 1 621 823 | 1 483 250 |
| Provisions | 7 | 1 281 791 | 885 382 |
| Trade and other payables | 8 | 10 714 765 | 4 553 357 |
| Unspent conditional grants and receipts | 9 | 5 214 611 | 4 456 877 |
| VAT | 10 | 1 901 996 | 1 823 041 |
| Bank overdraft | 19 | - | - |
| Current portion of long-term liabilities | 4 | 1 453 174 | 960 254 |
| ***Total Net Assets and Liabilities*** | | 166 760 795 | 144 061 124 |
| **ASSETS** | | | |
| **Non-current assets** | | 110 349 468 | 100 815 597 |
| Property, plant and equipment | 11 | 109 326 573 | 99 433 451 |
| Investment property | 12 | - | - |
| Investments | 13 | - | - |
| Long-term receivables | 14 | 1 022 895 | 1 382 146 |
| **Current assets** | | 56 411 327 | 43 245 527 |
| Inventory | 15 | 184 892 | 176 541 |
| Consumer debtors | 16 | 15 852 549 | 13 333 204 |
| Other debtors | 17 | 1 297 434 | 1 148 593 |
| Unpaid conditional grants and subsidies | 17 | 2 167 058 | 2 312 588 |
| Current portion of long-term receivables | 14 | 171 447 | 191 541 |
| Call investment deposits | 18 | 30 039 890 | 20 322 038 |
| Cash and cash equivalents | 19 | 6 698 057 | 5 761 022 |
| ***Total Assets*** | | 166 760 795 | 144 061 124 |

## BERGRIVIER MUNICIPALITY
## STATEMENT OF FINANCIAL PERFORMANCE
## FOR THE YEAR ENDED 30th JUNE 2007

| | Note | 2007<br>R | 2006<br>R |
|---|---|---|---|
| **REVENUE** | | | |
| Property rates | 20 | 19 313 801 | 16 076 853 |
| Property rates - penalties imposed and collection charges | | - | - |
| Service charges | 21 | 43 325 806 | 38 684 813 |
| Rental of facilities and equipment | | 2 032 451 | 2 166 208 |
| Interest earned - external investments | | 2 965 240 | 1 623 910 |
| Interest earned - outstanding debtors | | 1 448 908 | 1 029 641 |
| Dividends received | | - | - |
| Fines | | 717 658 | 754 847 |
| Licences and permits | | 716 348 | 799 004 |
| Income for agency services | | 817 163 | 1 014 551 |
| Government grants and subsidies | 22 | 16 329 376 | 12 945 976 |
| Other income | 23 | 2 765 271 | 1 966 828 |
| Public contributions and donations | | - | - |
| Gains on disposal of property, plant and equipment | | 1 453 934 | 13 769 682 |
| Change in Fair Values | | - | - |
| **Total Revenue** | | 91 885 956 | 90 832 313 |
| **EXPENDITURE** | | | |
| Employee related costs | 24 | 32 764 113 | 28 084 717 |
| Remuneration of Councillors | 25 | 2 634 796 | 1 601 571 |
| Bad debts | | 604 888 | 1 619 758 |
| Collection costs | | - | - |
| Depreciation | | 6 878 983 | 6 525 228 |
| Repairs and maintenance | | 2 616 811 | 2 221 041 |
| Finance Charges | 26 | 1 750 021 | 1 605 692 |
| Bulk purchases | 27 | 17 084 146 | 15 564 026 |
| Contracted services | | - | - |
| Grants and subsidies paid | 28 | 2 619 439 | 2 720 955 |
| General expenses | 29 | 14 658 156 | 14 550 665 |
| Loss on disposal of property, plant and equipment | | - | - |
| **Total Expenditure** | | 81 611 353 | 74 493 653 |
| **SURPLUS/(DEFICIT)** | | 10 274 603 | 16 338 660 |
| **Share of surplus/(deficit) of associate accounted for under the equity method** | | - | - |
| **SURPLUS/(DEFICIT) FOR THE YEAR** | | 10 274 603 | 16 338 660 |

**Refer to Appendix E(1) for the comparison with the approved budget**

## BERGRIVIER MUNICIPALITY
## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

| | Pre-GAMAP Reserves and Funds | Housing Development Fund | Capital Replacement Reserve | Capitalisation Reserve | Government Grant Reserve | Accumulated Surplus/ (Deficit) | Total |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R |
| **2006** | | | | | | | |
| Balance at 30 June 2005 | 26 667 650 | - | - | - | - | 2 628 610 | 29 296 260 |
| Change in Accounting Policy - Implementation of GAMAP (Note 31) | -26 667 650 | 2 402 225 | 20 000 000 | 19 616 139 | 38 705 292 | 20 788 411 | 74 844 417 |
| Correction of Error (Note 33) | - | - | - | - | - | -1 597 978 | -1 597 978 |
| Restated balance | - | 2 402 225 | 20 000 000 | 19 616 139 | 38 705 292 | 21 819 043 | 102 542 699 |
| Surplus for the year | - | - | - | - | - | 16 338 660 | 16 338 660 |
| Capital grants used to purchase PPE | - | - | - | - | 5 325 082 | -5 325 082 | - |
| Transfer to Housing Development Fund | - | 165 612 | - | - | - | -165 612 | - |
| Offsetting of depreciation | - | - | - | -1 707 994 | -2 066 444 | 3 774 438 | - |
| **Balance at 30 June 2006** | **-** | **2 567 837** | **20 000 000** | **17 908 145** | **41 963 930** | **36 441 447** | **118 881 359** |
| **2007** | | | | | | | |
| Surplus for the year | | - | - | - | - | 10 274 603 | 10 274 603 |
| Transfer to CRR | - | | 3 563 992 | - | - | -3 563 992 | - |
| Property, plant and equipment purchased | - | | -7 215 675 | - | - | 7 215 675 | - |
| Capital grants used to purchase PPE | - | - | - | - | 5 420 081 | -5 420 081 | - |
| Transfer/(From) to Housing Development Fund | - | -133 685 | - | - | - | 133 685 | - |
| Offsetting of depreciation | - | - | - | -1 761 844 | -2 410 969 | 4 172 813 | - |
| **Balance at 30 June 2007** | **-** | **2 434 152** | **16 348 317** | **16 146 301** | **44 973 042** | **49 254 150** | **129 155 962** |

## BERGRIVIER MUNICIPALITY
## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

| | Note | 2007<br>R | 2006<br>R |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Cash generated from/(utilised in) operations | 34 | 18 760 643 | 1 668 880 |
| Cash flows from Interest received | | 4 414 148 | 2 541 266 |
| Cash flows from Interest paid | | -1 750 021 | -1 493 407 |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | | 21 424 770 | 2 716 739 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | -16 772 104 | -11 417 240 |
| Proceeds on disposal of fixed assets | | 1 453 933 | 13 769 682 |
| Increase in investment properties | | - | - |
| (Increase)/decrease in non-current loans | | 379 345 | 410 514 |
| Increase in non-current investments | | - | - |
| **NET CASH FLOW FROM INVESTING ACTIVITIES** | | -14 938 826 | 2 762 956 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| New loans raised/(repaid) | | 4 030 370 | -959 070 |
| Increase in consumer deposits | | 138 573 | 67 095 |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | | 4 168 943 | -891 975 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **10 654 887** | **4 587 720** |
| Cash and cash equivalents at the beginning of the year | | **26 083 060** | **21 495 340** |
| Cash and cash equivalents at the end of the year | 35 | **36 737 947** | **26 083 060** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **10 654 887** | **4 587 720** |

# ACCOUNTING POLICY

## 1. Summary of significant accounting policies for the year ended 30 June 2007

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

### 1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

| | |
|---|---|
| GRAP 1 | Presentation of Financial Statements |
| GRAP 2 | Cash Flow Statements |
| GRAP 3 | Accounting Policies, Changes in Accounting Estimates and Errors |
| GAMAP 4 | The Effects of Changes in Foreign Exchange Rates |
| GAMAP 6 | Consolidated financial statements and accounting for controlled entities |
| GAMAP 7 | Accounting for Investments in Associates |
| GAMAP 8 | Financial Reporting of Interests in Joint Ventures |
| GAMAP 9 | Revenue |
| GAMAP 12 | Inventories |
| GAMAP 17 | Property, Plant and Equipment |
| GAMAP 19 | Provisions, Contingent Liabilities and Contingent Asset |
| GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.[1] | |

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):*

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):*

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.*

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.*

### 1.2 Presentation currency

These annual financial statements are presented in South African Rand.

### 1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

### 1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).*

### 1.5 Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

### 1.6 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans form National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia,* Section 16(2) that the net proceeds of any rental, sale of property or alienation,

financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

## 1.7 Reserves

### 1.7.1 Capital Replacement Reserve ( CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. 50% of the total interest earned on all the investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The Council annually contributes 7,5% of the total rates accrual for the previous financial year in the next financial year to the CRR.

### 1.7.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### 1.7.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### 1.7.4 Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### 1.7.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the

accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

## 1.8 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## 1.9 Leases

### 1.9.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 105 (Leases)with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105)]*

### 1.9.2 Lessor Accounting

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### 1.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

### 1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

### 1.12 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

### 1.13 Employee Benefits

#### *(a) Pension obligations*

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds,

determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

***(b) Post Retirement Medical obligations***

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined*

*contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q)]*

### 1.14 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method

### 1.15 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end, less the 12 compulsory days to be taken and also on the basic salary of the employee.

### 1.16 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

### 1.17 Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

### 1.18 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is

charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R 10 000 per item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

| | ***Years*** | | ***Years*** |
|---|---|---|---|
| **1 Infrastructure** | | **2 Other** | |
| Roads and Paving | 30 | Buildings | 30 |
| Pedestrian Malls | 30 | Specialist vehicles | 10 |
| Electricity | 20-30 | Other vehicles | 5 |
| Water | 15-20 | Office equipment | 3-7 |
| Sewerage | 15-20 | Furniture and fittings | 7-10 |
| Housing | 30 | Watercraft | 15 |
| | | Bins and containers | 5 |
| **Community** | | Specialised plant and | |
| Improvements | 30 | Equipment | 10-15 |
| Recreational Facilities | 20-30 | Other plant and | |
| Security | 5 | Equipment | 2-5 |
| | | Landfill sites | 15 |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):*

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

## 1.19 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):*

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*
- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

## 1.20 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):*

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

## 1.21 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.*

## 1.22 Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### *(a) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

## 1.23 Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued according to the Valuation roll of Bergrivier Municipality. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):*

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

### 1.24 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established on budget based historical patterns and risk of recovery. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

### 1.25 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### 1.26 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been done. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised

as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

- Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

**Revenue from non-exchange transactions**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):*

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

**Conditional Grants and Receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

**1.27 Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.28 Unauthorised Expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29 Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.30 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.31 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

### 1.32 Comparative Information

***(a) Current year comparatives:***

Budgeted amounts have been included in the annual financial statements for the current year only.

***(b) Loans and receivables***

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

| | | 2007<br>R | 2006<br>R |
|---|---|---|---|
| **2** | **HOUSING DEVELOPMENT FUND** | | |
| | Housing Development Fund | 2 434 152 | 2 567 837 |
| | Unappropriated Surplus | - | - |
| | Loans extinguished by Government on 1 April 1998 | 2 434 152 | 2 567 837 |
| | The Housing Development Fund is represented by the following assets and liabilities | | |
| | Property, plant and equipment (see note 11) | - | - |
| | Housing selling scheme loans | 592 874 | 778 740 |
| | Other Debtors | 514 171 | 381 505 |
| | Unauthorised use of cash for other purposes | - | - |
| | Bank and cash (Note 18) | 1 327 107 | 1 407 592 |
| | Sub-total | 2 434 152 | 2 567 837 |
| | Creditors | - | - |
| | **Total Housing Development Fund Assets and Liabilities** | **2 434 152** | **2 567 837** |
| **3** | **NETT ASSET RESERVES** | | |
| | RESERVES | 61 119 343 | 59 872 075 |
| | Capitalisation Reserve | 16 146 301 | 17 908 145 |
| | Government Grant Reserve | 44 973 042 | 41 963 930 |
| | The reserves are being utilised to offset depreciation over the useful lives of the assets purchased funded from the reserves. Bank and cash - The reserves are not cash-backed but represent . expenditure incurred on property, plant and equipment. | | |
| | Sub-total | 61 119 343 | 59 872 075 |
| | | - | - |
| | **Total Nett Asset Reserve** | **61 119 343** | **59 872 075** |
| **4** | **LONG-TERM LIABILITIES** | | |
| | Annuity Loans | 15 400 153 | 11 152 048 |
| | Lease Liabilities | 608 075 | 825 810 |
| | Sub-total | 16 008 228 | 11 977 858 |
| | Less : Current portion transferred to current liabilities | -1 453 174 | -960 254 |
| | | - | - |
| | Annuity Loans | -1 207 470 | -742 519 |
| | Lease Liabilities | -245 704 | -217 735 |
| | **Total External Loans - At amortised value** | 14 555 054 | 11 017 604 |

The Minister of Finance has, in terms of Government Gazette no. 300013 of 29 June 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105)]

The future payments on the leases are as follows:

| | Within 1 Year | Rest of period. |
|---|---|---|
| Interest Payments | 60 400 | 35 803 |
| Redemption | 245 704 | 362 371 |
| | 306 104 | 398 174 |

Leases with a net book value of R526 627 075 (2006: R755 452) are secured over the assets.

| | | 2007<br>R | 2006<br>R |
|---|---|---|---|
| **5** | **NON-CURRENT PROVISIONS** | | |
| | Medical/ Retirement Fund | - | - |
| | Landfill Sites | 861 619 | - |
| | **Total Non-Current Provisions** | **861 619** | **-** |

The Minister of Finance has, in terms of Government Gazette no. 300013 of 29 June 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by

| | **Medical/ Retirement Fund** | **Landfill Sites** |
|---|---|---|
| The movement in the non-current provisions are reconciled as follows: - | | |
| **30-Jun-07** | | |
| Balance at beginning of year | - | - |
| Transfer to current provision | - | - |
| Expenditure incurred | - | - |
| Contributions to provision | - | 861 619 |
| Transfer from current provisions | - | - |
| **Balance at end of year** | **-** | **861 619** |
| **30-Jun-06** | | |
| Balance at beginning of year | - | - |
| Transfer to current provision | - | - |
| Expenditure incurred | - | - |
| Increase in provision due to discounting | - | - |
| Transfer from current provisions | - | - |
| **Balance at end of year** | **-** | **-** |

Reclamation of Piketberg landfill site over 3 years starting 1 July 2008 to the value of R1 million.

| | | 2007 | 2006 |
|---|---|---|---|
| **6** | **CONSUMER DEPOSITS** | | |
| | Electricity, Water, Cleansing & Sewerage | 1 621 823 | 1 483 250 |
| | **Total Consumer Deposits** | **1 621 823** | **1 483 250** |
| | **Guarantees held in lieu of Electricity and Water Deposits** | **-** | **-** |
| **7** | **PROVISIONS** | | |
| | Performance bonus | 333 021 | 244 948 |
| | Personnel Bonus | 948 770 | 640 434 |
| | **Total Provisions** | **1 281 791** | **885 382** |

Performance bonuses accrue to employees on a annually basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.

The movement in current provisions are reconciled as follows: -

**7 PROVISIONS (continued)**

| | Performance Bonus | Personnel Bonus |
|---|---|---|
| **30-Jun-07** | | |
| Balance at beginning of year | 244 948 | 640 434 |
| Transfer to non-current | - | - |
| Contributions to provision | 333 021 | 948 770 |
| Expenditure incurred | -244 948 | -640 434 |
| **Balance at end of year** | **333 021** | **948 770** |
| **30-Jun-06** | | |
| Balance at beginning of year | - | - |
| Change in Accounting Policy (Note 31) | 369 325 | 746 068 |
| Contributions to provision | 244 948 | 640 434 |
| Expenditure incurred | -369 325 | -746 068 |
| **Balance at end of year** | **244 948** | **640 434** |

| | 2007 R | 2006 R |
|---|---|---|
| **8 TRADE AND OTHER PAYABLES** | | |
| Trade creditors | 6 525 273 | 1 142 881 |
| Sundry Creditors | 2 770 221 | 2 272 254 |
| Staff leave | 750 989 | 606 776 |
| Sundry Deposits | 668 282 | 531 446 |
| **Total Creditors** | **10 714 765** | **4 553 357** |
| **9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS** | | |
| ***9.1 Conditional Grants from other spheres of Government*** | 5 214 611 | 4 443 362 |
| Finance Management Grant | 402 319 | 252 355 |
| Drought relief | - | 1 530 000 |
| Electricity Master plan | 31 697 | 31 697 |
| GIS Master plan | 14 324 | 14 324 |
| SETA training fund | 113 216 | 105 638 |
| Coastal Area | 40 490 | 40 490 |
| SAR Contribution: PIMMS | 155 000 | 155 000 |
| Land Meter Klippiesdorp | 7 790 | 7 790 |
| Lotto - Plant Trees | 297 183 | 297 183 |
| Housing Mooiplaas | 40 426 | 40 426 |
| WDM "Sopkombuis" | - | 28 414 |
| WDM Performance Management | 40 000 | 40 000 |
| Masibambane | 254 376 | - |
| LOTTO: Sport fields Berghof | 500 000 | - |
| Zoning Scheme | 6 593 | - |
| R O R | 95 808 | - |
| Imbizo Porterville | 2 570 | - |
| CDW Contribution: WDM | 32 073 | - |
| Pump Station Expanding | 24 177 | - |
| Rooibaai Jetty | - | 132 803 |
| Build taxi-rank | 828 092 | 828 092 |
| Sport Fields | 593 124 | 499 864 |
| Sport Fields | 816 578 | - |
| Sport Fields | 805 953 | 439 286 |
| Grondwater - development | 112 822 | - |

| | | 2007<br>R | 2006<br>R |
|---|---|---|---|
| **9** | **UNSPENT CONDITIONAL GRANTS AND RECEIPTS (continued)** | | |
| | ***9.2 Other Conditional Receipts*** | - | 13 515 |
| | | | - |
| | Mayoral Disaster Fund | - | 13 515 |
| | **Total Conditional Grants and Receipts** | **5 214 611** | **4 456 877** |
| | The Minister of Finance has, in terms of Government Gazette no. 300013 of 29 June 2007 exempted compliance with the following requirements of AC 134 | | |
| | Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9. | | |
| | Unspent conditional grants are ring fenced by Call Deposits (See Note 18) | | |
| **10** | **VAT** | | |
| | VAT payable | **1 901 996** | **1 823 041** |
| | Vat is payable on the receipts basis. Only once payment is received from | | |
| **11** | **PROPERTY, PLANT AND EQUIPMENT ( See Page 40 )** | | |
| **12** | **INVESTMENT PROPERTY** | | |
| | Fair Value | - | - |
| | **Total Investment Property** | **-** | **-** |
| | The Minister of Finance has, in terms of Government Gazette no. 300013 of 29 June 2007 exempted compliance with the following requirements of AC 135 (Investment Property): | | |
| | · The entire standard to the extent that property is accounted for in terms of GAMAP 17.<br>· Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)] | | |
| **13** | **INVESTMENTS** | | |
| | **Listed** | - | - |
| | **Unlisted** | | |
| | | - | - |
| | | - | - |
| | **Total Unlisted** | - | - |
| | **Financial Instruments** | | |
| | Long term Deposits | - | - |
| | Short term Deposits | - | - |
| | | - | - |
| | **Total Investments** | **-** | **-** |
| | ***Market valuation of listed investments*** | | |
| | RSA Government Stock | - | - |
| | ***Council's valuation of unlisted investments*** | | |
| | Investment in Municipal Entities | - | - |
| | Investment in Associate | - | - |
| | Provincial Government Joint Venture | - | - |
| | | - | - |
| | | **-** | **-** |

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **14 LONG-TERM RECEIVABLES** | | |
| Car loans | 331 094 | 485 889 |
| Sports Organisations | 270 374 | 309 058 |
| Housing selling scheme loans | 592 874 | 778 740 |
| | 1 194 342 | 1 573 687 |
| Less : Current portion transferred to current receivables | 171 447 | 191 541 |
| Car loans | 111 157 | 136 711 |
| Sports Organisations | 41 946 | 38 684 |
| Housing selling scheme loans | 18 344 | 16 146 |
| **Total** | **1 022 895** | **1 382 146** |

***CAR LOANS***

Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2010.

| | | |
|---|---|---|
| **15 INVENTORY** | | |
| Fuel – at cost | 134 852 | 129 504 |
| Water – at cost | 50 040 | 47 037 |
| **Total Inventory** | **184 892** | **176 541** |

The Minister of Finance has, in terms of Government Gazette no. 300013 of 29 June 2007 exempted compliance with the following requirements of GAMAP 12

· The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17

· The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

| **16 CONSUMER DEBTORS** | **Gross Balance** | **Provision for Bad Debts** | **Nett Balance** |
|---|---|---|---|
| As at 30 June 2007 | | | |
| Service debtors | 20 362 188 | -4 509 639 | 15 852 549 |
| Rates | 6 291 958 | - | - |
| Electricity | 3 733 373 | - | - |
| Water | 2 200 174 | - | - |
| Sewerage | 1 386 863 | - | - |
| Refuse | 1 031 191 | - | - |
| Others | 5 718 629 | - | - |
| | - | - | - |
| Housing rentals | - | - | - |
| | - | - | - |
| | **20 362 188** | **-4 509 639** | **15 852 549** |
| As at 30 June 2006 | | | |
| Service debtors | 17 423 828 | -4 090 624 | 13 333 204 |
| Rates | 5 881 599 | - | - |
| Electricity | 3 610 782 | - | - |
| Water | 1 871 858 | - | - |
| Sewerage | 1 571 613 | - | - |
| Refuse | 932 647 | - | - |
| Others | 3 555 329 | - | - |
| | | | - |
| | - | - | - |
| | - | - | - |
| **Total** | **17 423 828** | **-4 090 624** | **13 333 204** |

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **16 CONSUMER DEBTORS (continued )** | | |
| ***Rates: Ageing*** | | |
| Current (0 – 30 days) | 1 052 353 | 769 547 |
| 31 - 60 Days | 161 499 | 140 562 |
| 61 - 90 Days | 142 053 | 119 347 |
| > 90 Days | 4 936 053 | 4 852 143 |
| **Total** | **6 291 958** | **5 881 599** |
| ***(Electricity, Water, Refuse, Sewerage and Other): Ageing*** | | |
| Current (0 – 30 days) | 4 130 819 | 3 885 146 |
| 31 - 60 Days | 352 332 | 427 842 |
| 61 - 90 Days | 267 254 | 377 226 |
| > 90 Days | 3 601 197 | 3 875 458 |
| **Total** | **8 351 602** | **8 565 672** |
| ***Other Debtors: Ageing (Sundry Debtors)*** | | |
| Current (0 – 30 days) | 2 361 559 | 1 515 081 |
| 31 - 60 Days | 17 784 | 23 316 |
| 61 - 90 Days | 40 072 | 25 572 |
| > 90 Days | 1 712 979 | 1 189 263 |
| **Total** | **4 132 394** | **2 753 232** |
| **17 OTHER DEBTORS** | | |
| Other Debtors | 1 297 434 | 1 148 593 |
| Unpaid conditional grants and subsidies | 2 167 058 | 2 312 588 |
| **Total Other Debtors** | **3 464 492** | **3 461 181** |
| **18 CALL INVESTMENT DEPOSITS** | | |
| Other Deposits | **30 039 890** | **20 322 038** |
| The deposits are ring fenced in order to finance unspent conditional grants and Housing Development Fund. (See Note 9, 2) | | |
| Housing Development Fund (Note 2) | 1 327 107 | 1 407 592 |
| Unspent Conditional Grants (Note 9) | 5 214 611 | 4 456 877 |
| Long-Term Liabilities (Note 36) | - | 860 213 |
| | 6 541 718 | 6 724 682 |

| | | 2007 R | 2006 R |
|---|---|---|---|
| **19** | **CASH AND CASH EQUIVALENTS AND BANK OVERDRAFT** | | |
| | The Municipality has the following bank accounts: - | | |
| | **Current Account (Primary Bank Account)** | | |
| | Bank ABSA Piketberg<br>Account Number 11 8056 0153 | | |
| | Cash book balance at beginning of year | 5 761 022 | 11 423 856 |
| | Cash book balance at end of year | 6 698 057 | 5 761 022 |
| | Bank statement balance at beginning of year | 11 441 221 | 11 170 131 |
| | Bank statement balance at end of year | 12 393 056 | 11 441 221 |
| | **Savings Account : ABSA 9125109603** | | |
| | Opening balance | 102 295 | 11 799 |
| | Closing balance | 3 170 | 102 295 |
| **20** | **PROPERTY RATES** | | |
| | ***Actual*** | | |
| | Residential,Commercial,State | 19 313 801 | 16 076 853 |
| | **Total Assessment Rates** | **19 313 801** | **16 076 853** |
| | ***Valuations*** | ***July 2006 R000's*** | ***July 2005 R000's*** |
| | ***RATEABLE*** | **1 836 821 860** | **1 675 454 010** |
| | Land | 971 220 310 | 831 291 710 |
| | Buildings | 865 601 550 | 844 162 300 |
| | ***EXEMPTION*** | **292 323 990** | **289 341 890** |
| | Land | 21 148 200 | 20 559 700 |
| | Buildings | 271 175 790 | 268 782 190 |
| | | **2 129 145 850** | **1 964 795 900** |

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2003. Interim valuations are processed on a yearly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.01610 applied to property valuations to determine assessment rates. Rebates as set out here below are granted to some residential and state property owners. Rates are levied on an annual basis with the final date of payment being 30 September 2006. Interest at Prime + 1% per annum is levied on outstanding rates. Special Rate of R0.0037 is levied on land in Port-Owen area.

***Rebates***
Rural Areas = 76%
State Property = 20%
Church Property = 50%
Welfare Organisation = 100%
Pensioners = 50 %

| | | | |
|---|---|---|---|
| **21** | **SERVICE CHARGES** | | |
| | Sale of electricity | 27 791 704 | 25 352 065 |
| | Sale of water | 8 611 576 | 7 625 838 |
| | Refuse removal | 3 552 143 | 2 508 366 |
| | Sewerage and sanitation charges | 3 370 383 | 3 198 543 |
| | **Total Service Charges** | **43 325 806** | **38 684 812** |

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **22 GOVERNMENT GRANTS AND SUBSIDIES** | | |
| Equitable share | 7 789 856 | 6 036 654 |
| Subsidy: Main Roads | - | 51 200 |
| Subsidy: Provincial | 500 000 | - |
| Capital Expenditure on Grants and Subsidies | 5 420 081 | 4 137 167 |
| Operating Expenditure on Grants and Subsidies | 2 619 439 | 2 720 955 |
| | - | |
| **Total Government Grant and Subsidies** | **16 329 376** | **12 945 976** |
| ***22.1 Equitable Share*** | | |
| In terms of the Constitution, this grant is partly used to subsidise the provision of basic services to indigent community members. Registered indigents receive a maximum monthly subsidy of: | 164.32 | |
| ***22.2 Finance Management Grant*** | | |
| Balance unspent at beginning of year | 252 355 | 356 424 |
| Current year receipts | 282 000 | - |
| Conditions met - transferred to revenue | -132 036 | -104 069 |
| Conditions still to be met - transferred to liabilities (see note 9) | 402 319 | 252 355 |
| ***22.3 Draught relief*** | | |
| Balance unspent at beginning of year | 1 530 000 | - |
| Current year receipts | - | 1 530 000 |
| Conditions met - transferred to revenue | -1 530 000 | - |
| Conditions still to be met - transferred to liabilities (see note 9) | - | 1 530 000 |
| ***22.4 Imbizo Porterville*** | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 40 000 | - |
| Conditions met - transferred to revenue | -37 430 | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 2 570 | - |
| ***22.5 CDW Contribution: WDM*** | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 36 416 | - |
| Conditions met - transferred to revenue | -4 343 | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 32 073 | - |
| ***22.6 WDM "Sopkombuis"*** | | |
| Balance unspent at beginning of year | 28 414 | - |
| Current year receipts | - | 80 000 |
| Conditions met - transferred to revenue | -28 414 | -51 586 |
| Conditions still to be met - transferred to liabilities (see note 9) | - | 28 414 |
| ***22.7 Mayors Disaster Fund*** | | |
| Balance unspent at beginning of year | 11 015 | 24 180 |
| Current year receipts | 28 000 | 109 810 |
| Conditions met - transferred to revenue | -40 870 | -122 975 |
| Unpaid Conditional Grants and Receipts (see note 17) | -1 855 | 11 015 |

| 22 GOVERNMENT GRANTS AND SUBSIDIES (continued) | 2007<br>R | 2006<br>R |
|---|---|---|
| ***22.8 SETA training fund*** | | |
| Balance unspent at beginning of year | 105 638 | 87 646 |
| Current year receipts | 138 121 | 154 917 |
| Conditions met - transferred to revenue | -130 543 | -136 925 |
| Conditions still to be met - transferred to liabilities (see note 9) | 113 216 | 105 638 |
| ***22.9 Land Metre Klippiesdorp*** | | |
| Balance unspent at beginning of year | 7 790 | 7 790 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 7 790 | 7 790 |
| ***22.10 Housing*** | | |
| Balance due at beginning of year | -104 330 | 335 118 |
| Current year receipts | 137 200 | 82 500 |
| Conditions met - transferred to revenue | -114 960 | -521 948 |
| Unpaid Conditional Grants and Receipts (see note 17) | -82 090 | -104 330 |
| ***22.11 Housing Mooiplaas*** | | |
| Balance unspent at beginning of year | 40 426 | 15 511 |
| Current year receipts | - | 24 915 |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 40 426 | 40 426 |
| ***22.12 GIS Master plan*** | | |
| Balance unspent at beginning of year | 14 324 | 14 324 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 14 324 | 14 324 |
| ***22.13 Masibambane*** | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 571 965 | - |
| Conditions met - transferred to revenue | -317 589 | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 254 376 | - |
| ***22.14 Electricity Master plan*** | | |
| Balance unspent at beginning of year | 31 697 | -3 684 |
| Current year receipts | - | 174 421 |
| Conditions met - transferred to revenue | - | -139 040 |
| Conditions still to be met - transferred to liabilities (see note 9) | 31 697 | 31 697 |
| ***22.15 Coastal Area*** | | |
| Balance unspent at beginning of year | 40 490 | 40 490 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 40 490 | 40 490 |

| 22 GOVERNMENT GRANTS AND SUBSIDIES (continued) | 2007<br>R | 2006<br>R |
|---|---|---|
| ***22.16 LOTTO: Sport fields Berghof*** | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 500 000 | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 500 000 | - |
| ***22.17 WDM Performance Management*** | | |
| Balance unspent at beginning of year | 40 000 | 40 000 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 40 000 | 40 000 |
| ***22.18 PIMS, Zoning Scheme*** | | |
| Balance unspent at beginning of year | 155 000 | 150 000 |
| Current year receipts | 50 000 | 5 000 |
| Conditions met - transferred to revenue | -43 407 | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 161 593 | 155 000 |
| ***22.19 Lotto - Plant Trees*** | | |
| Balance unspent at beginning of year | 297 183 | 297 183 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 297 183 | 297 183 |
| ***22.20 ROR*** | | |
| Balance due at beginning of year | -4 192 | -4 192 |
| Current year receipts | 100 000 | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities (see note 9) | 95 808 | -4 192 |
| ***22.21 Eselsfontein Housing*** | | |
| Balance unspent at beginning of year | 1 171 478 | 178 685 |
| Current year receipts | 80 000 | 376 240 |
| Conditions met - transferred to revenue | -21 199 | -616 553 |
| Conditions still to be met - transferred to liabilities (see note 17) | 1 230 279 | 1 171 478 |
| ***22.22 Klippiesdorp Housing*** | | |
| Balance due at beginning of year | -8 475 | -24 475 |
| Current year receipts | 5 665 | 16 000 |
| Conditions met - transferred to revenue | -25 871 | - |
| Unpaid Conditional Grants and Receipts (see note 17) | -28 681 | -8 475 |
| ***22.23 Disaster Management*** | | |
| Balance due at beginning of year | -17 011 | -17 011 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Unpaid Conditional Grants and Receipts (see note 17) | -17 011 | -17 011 |

| 22 GOVERNMENT GRANTS AND SUBSIDIES (continued) | 2007<br>R | 2006<br>R |
|---|---|---|
| ***22.24 Health Train*** | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 10 000 | - |
| Conditions met - transferred to revenue | -19 600 | - |
| Unpaid Conditional Grants and Receipts (see note 17) | -9 600 | - |
| ***22.25 Environmental Clean up*** | | |
| Balance due at beginning of year | -548 730 | 246 450 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | -795 180 |
| Unpaid Conditional Grants and Receipts (see note 17) | -548 730 | -548 730 |
| ***22.26 Road Maintenance*** | | |
| Balance due at beginning of year | -154 708 | -154 708 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Unpaid Conditional Grants and Receipts (see note 17) | -154 708 | -154 708 |
| **22.27 LOTTO Aurora** | | |
| Balance due at beginning of year | -249 062 | -35 573 |
| Current year receipts | 7 118 | 19 190 |
| Conditions met - transferred to revenue | -78 300 | -232 679 |
| Unpaid Conditional Grants and Receipts (see note 17) | -320 244 | -249 062 |
| ***22.28 Ward Committees WDM*** | | |
| Balance due at beginning of year | -1 745 | -1 745 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Unpaid Conditional Grants and Receipts (see note 17) | -1 745 | -1 745 |
| ***22.29 Wittewater: Historical Housing*** | | |
| Balance due at beginning of year | -36 884 | - |
| Current year receipts | - | 57 993 |
| Conditions met - transferred to revenue | - | -94 877 |
| Unpaid Conditional Grants and Receipts (see note 17) | -36 884 | -36 884 |

Refer to Appendix H for detail list

| 23 OTHER INCOME | | |
|---|---|---|
| Other income | 2 765 271 | 1 966 828 |
| Recovery of unauthorised, irregular, fruitless and wasteful expenditure | - | - |
| | - | - |
| **Total Other Income** | **2 765 271** | **1 966 828** |

Refer to Appendix G for detail list

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **24 EMPLOYEE RELATED COSTS** | | |
| Employee related costs - Salaries and Wages | 26 847 904 | 23 304 692 |
| Standby Allowances | 447 570 | 394 510 |
| Housing Subsidy | 320 533 | 283 633 |
| Bonus | 1 932 062 | 1 481 922 |
| Essential Users | - | |
| Overtime | 1 281 081 | 1 028 086 |
| Long Service Awards | - | |
| Salaries | 18 934 717 | 16 854 618 |
| Telephone allowances | - | |
| Temporary Workers | 1 017 653 | 298 847 |
| Sundry Allowance | 664 501 | 483 357 |
| Leave Reserve Fund | 445 970 | 705 769 |
| Transport Allowance | 1 803 817 | 1 773 950 |
| Employee related costs - Social contributions | 5 916 209 | 4 953 932 |
| Group Insurance | 354 693 | 322 134 |
| Medical Aid Contribution | 2 048 915 | 1 882 713 |
| Bargaining Council | 10 689 | 9 131 |
| Pension Fund Contribution | 3 299 353 | 2 559 319 |
| Unemployment Fund | 202 559 | 180 635 |
| Less: Employee costs capitalised to Property, Plant and Equipment | - | -173 908 |
| Less: Employee costs included in other expenses | - | - |
| **Total Employee Related Costs** | **32 764 113** | **28 084 716** |
| ***Remuneration of the Municipal Manager*** | | |
| Annual Remuneration | 78 053 | 427 363 |
| Performance Bonuses | - | 84 715 |
| Rental allowance & Settling In allowance | 48 026 | - |
| Car Allowance | 16 926 | 98 920 |
| Medical and pension funds, group life & UIF | 1 472 | 109 530 |
| Severance Package | - | 2 800 000 |
| **Total** | 144 477 | 3 520 528 |
| Municipal Manager only appointed for 3 months | | |
| ***Remuneration of Deputy Municipal Manager*** | | |
| Annual Remuneration | 353 016 | 296 270 |
| Performance Bonuses | 59 481 | 62 050 |
| Acting allowance | 89 514 | 4 341 |
| Telephone allowance | 11 478 | 11 478 |
| Car Allowance | 136 734 | 141 375 |
| Medical and pension funds, group life & UIF | 54 103 | 48 994 |
| | - | - |
| **Total** | 704 326 | 564 508 |
| ***Remuneration of Chief Financial Officer*** | | |
| Annual Remuneration | 306 977 | 290 393 |
| Performance Bonuses | 55 640 | 55 640 |
| Car Allowance | 118 515 | 111 671 |
| Medical and pension funds, group life & UIF | 78 800 | 70 153 |
| | - | - |
| **Total** | 559 932 | 527 857 |

**24 EMPLOYEE RELATED COSTS (continued)**

***Remuneration of Individual Executive Directors***

| 30-Jun-07 | Technical Services R | Administration Services R | Community Services R |
|---|---|---|---|
| Annual Remuneration | 320 697 | 300 387 | 311 901 |
| Performance Bonuses | 55 640 | 18 547 | 55 640 |
| Car Allowance | 116 475 | 118 982 | 116 771 |
| Medical and pension funds, group life & UIF | 78 800 | 77 738 | 78 800 |
| **Total** | 571 612 | 515 654 | 563 112 |

| 30-Jun-06 | Technical Services R | Administration Services R | Community Services R |
|---|---|---|---|
| Annual Remuneration | 331 607 | 280 648 | 280 624 |
| Performance Bonuses | 55 640 | 55 640 | 55 640 |
| Car Allowance | 108 551 | 109 284 | 109 537 |
| Medical and pension funds, group life & UIF | 70 153 | 70 153 | 70 153 |
| **Total** | 565 951 | 515 725 | 515 954 |

| | 2007 R | 2006 R |
|---|---|---|
| **25 REMUNERATION OF COUNCILLORS** | | |
| Executive Mayor | 372 782 | 306 511 |
| Deputy Executive Mayor | 211 444 | 67 476 |
| Speaker | 208 424 | 232 380 |
| Mayoral Committee Members | 209 827 | 215 914 |
| Councillors | 1 122 507 | 463 785 |
| Councillors' pension contribution | 98 192 | 93 101 |
| Councillors' medical aid | 20 866 | 45 745 |
| Councillors' car allowance | 379 309 | 122 858 |
| Councillors' housing subsidy | - | 26 231 |
| Office Accommodation | - | 24 549 |
| Telephone Allowance | 11 445 | 3 021 |
| **Total Councillors' Remuneration** | **2 634 796** | **1 601 571** |

***In-kind Benefits***

The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council.

| | | |
|---|---|---|
| **26 FINANCE CHARGES** | | |
| Long-term liabilities | 1 750 021 | 1 493 407 |
| Bank overdrafts | - | - |
| **Total Finance charges** | **1 750 021** | **1 493 407** |
| **27 BULK PURCHASES** | | |
| Electricity | 14 605 761 | 13 156 614 |
| Water | 2 478 385 | 2 407 412 |
| **Total Bulk Purchases** | **17 084 146** | **15 564 026** |

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **28 GRANTS AND SUBSIDIES PAID** | | |
| Operating Expenditure on Grants and Subsidies | 2 619 439 | 2 720 955 |
| | | - |
| **Total Grants and Subsidies** | **2 619 439** | **2 720 955** |
| Operating expenditure on Grant and Subsidies is detailed in Appendix H. | | |
| **29 GENERAL EXPENSES** | | |
| Included in general expenses is the following:- | | |
| General Expenditure | 14 658 156 | 13 767 997 |
| Refer to Appendix G for detail list | | |
| **30 SURPLUS OF ASSOCIATE** | | |
| Share of retained profit on the equity method | - | - |
| **31 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP** | | |
| The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: - | | |
| ***31.1 Statutory Funds*** | | |
| **Balance previously reported: -** | | |
| Capital Development Fund | - | 24 060 829 |
| Rental Loss | | 171 515 |
| Maintenance (Housing) | - | 21 759 |
| Dog Tax Fund | - | 11 323 |
| Housing Development Fund | - | 2 402 225 |
| | - | - |
| **Total** | **-** | **26 667 651** |
| **Implementation of GAMAP** | | |
| Transferred to the Capital Replacement Reserve | | 20 000 000 |
| Transferred to the Housing Development Fund | | 2 402 225 |
| Transfer to the Self Insurance Reserve | - | - |
| Transferred to the Capitalisation Reserve | | - |
| Transferred to Accumulated Surplus/(Deficit) (see 31.9 below) | - | 4 265 426 |
| **Total** | **-** | **26 667 651** |
| ***31.2 Loans Redeemed and Other Capital Receipts*** | | |
| **Balance previously reported** | | **110 027 261** |
| **Implementation of GAMAP** | | |
| **Redemption and depreciation periods differ** | | |
| Transferred to Accumulated Surplus/(Deficit) (see 31.9 below) | - | -5 556 077 |
| Internal Loans per Appendix B - IMFO | - | 14 060 062 |
| Internal Loans per asset register - Book value | - | 19 616 139 |
| Outstanding Internal Loans Transfer to Capitalisation Reserve | - | 19 616 139 |
| Transferred to Government Grant Reserve | - | 38 705 292 |
| Transferred to Donations and Public Contribution Reserve | - | - |
| Transferred to Accumulated Surplus/(Deficit) (see 31.9 below) | - | 57 261 907 |
| **Total** | **-** | **115 583 338** |
| ***31.3 Provisions and Reserves*** | | |
| **Balance previously reported** | | |
| Repairs & Maintenance General | | 628 359 |
| **Total** | **-** | **628 359** |
| **Implementation of GAMAP** | | |
| Transferred to Accumulated Surplus/(Deficit) (see 31.9 below) | **-** | **628 359** |

| 31 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP (continued) | 2007 R | 2006 R |
|---|---|---|
| ***31.4 Inventory*** | | |
| **Balance previously reported** | **-** | **187 536** |
| **Implementation of GAMAP** | | |
| Transferred to Accumulated Surplus/(Deficit) (see 31.9 below) | - | 44 215 |
| Water previously expensed now shown as inventory | - | 44 215 |
| Write-down of spare parts to realisable value | - | - |
| Write-down of unsold properties to realisable value | - | - |
| **Total** | **-** | **231 751** |
| ***31.5 Current provisions*** | | |
| **Balance previously reported** | **-** | **-** |
| **Implementation of GAMAP** | | |
| Transferred from Accumulated Surplus/(Deficit) (see 31.9 below) | - | 1 115 393 |
| Medical/ Retirement Fund | - | - |
| Personnel bonus (Note 7) | - | 746 068 |
| Performance bonus (Note 7) | - | 369 325 |
| **Total** | **-** | **1 115 393** |
| ***31.6 Property, plant and equipment*** | | |
| **Balance previously reported** | | **129 878 488** |
| **Implementation of GAMAP** | | |
| Assets transfer from asset register | | -5 968 538 |
| Leases not previously recognised | - | 1 193 500 |
| **Total** | | **125 103 450** |
| ***31.7 Accumulated Depreciation*** | | |
| **Balance previously reported** | | **-** |
| **Implementation of GAMAP** | | |
| Backlog depreciation: Land and buildings | | 5 561 395 |
| Backlog depreciation: Infrastructure | | 13 698 688 |
| Backlog depreciation: Community | | 4 967 042 |
| Backlog depreciation: Heritage | | - |
| Backlog depreciation: Other | | 4 509 468 |
| Backlog depreciation: Lease | - | 227 442 |
| **Total (debited to Accumulated Surplus/(Deficit)) (see 31.9 below)** | **-** | **28 964 035** |
| ***31.8 Long-term liabilities*** | | |
| **Balance previously reported** | | **-** |
| **Implementation of GAMAP** | | |
| Lease Assets | | 1 000 953 |
| **Total** | | **1 000 953** |
| ***31.9 Accumulated Surplus/(Deficit)*** | | |
| **Implementation of GAMAP** | | |
| Adjustments to inventory (see 31.4 above) | - | 44 215 |
| Excessive provisions and reserves no longer permitted (see 31.3 above) | - | 628 359 |
| Current provisions previously not recognised (see 31.5 above) | - | -1 115 393 |
| Transferred from statutory funds (see 31.1 above) | - | 4 265 426 |
| Transferred from Loans Redeemed and Other Capital Receipts (see 31.2 abo | - | 51 705 830 |
| Fair value of Property, Plant and Equipment previously not recorded (see 31. | - | -5 968 538 |
| Backlog depreciation (see 31.7 above) | - | -28 964 035 |
| Lease Assets - Redemption previously recognised as expenditure (see 31.8 & 31.6 above) | | 192 547 |
| **Total** | **-** | **20 788 411** |
| **32 CHANGE IN ACCOUNTING POLICY** | | |
| | - | - |

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **33 CORRECTION OF ERROR** | | |
| During the year ended 30 June 2005, Property Plant and Equipment account was restated due to calculated assets on new system. | - | -1 597 978 |
| | - | -1 597 978 |
| **34 CASH GENERATED FROM/(UTILISED IN) OPERATIONS** | | |
| Net surplus for the year | 10 274 603 | 16 338 660 |
| Adjustment for:- | - | - |
| Depreciation | 6 878 983 | 6 525 228 |
| Gain on disposal of property, plant and equipment | -1 453 934 | -13 769 682 |
| Cash flows from Interest received | -4 414 148 | -2 541 266 |
| Cash flows from Interest paid | 1 750 021 | 1 493 407 |
| **Operating surplus before working capital changes:** | **13 035 525** | **8 046 347** |
| (Increase) in inventories | -8 351 | 55 209 |
| (Increase)/decrease in debtors | -2 519 345 | -1 110 915 |
| (Increase)/decrease in other debtors | -148 841 | -299 074 |
| (Decrease)/increase in unutilised conditional grants and receipts | 757 734 | -2 106 773 |
| (Increase)/decrease in unpaid conditional grants and receipts | 145 530 | 2 657 768 |
| (Decrease)/Increase in creditors | 6 161 408 | -7 344 944 |
| (Increase)/Decrease in provisions | 1 258 028 | -230 010 |
| (Decrease)/Increase in VAT | 78 955 | 2 001 272 |
| **Cash generated by/(utilised in) operations** | **18 760 643** | **1 668 880** |
| **35 CASH AND CASH EQUIVALENTS** | | |
| Cash and cash equivalents included in the cash flow statement comprise the | | |
| Bank Balances and Cash | 6 698 057 | 5 761 022 |
| Call Investment deposits | 30 039 890 | 20 322 038 |
| Bank Overdraft | - | - |
| | 36 737 947 | 26 083 060 |
| **36 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION** | | |
| Long-term liabilities (see Note 4) | 15 400 153 | 11 152 048 |
| Used to finance property, plant and equipment – at cost | 15 400 153 | 10 291 835 |
| Sub- total (Appendix H) | - | 860 213 |
| Cash set aside for the repayment of long-term liabilities | - | - |
| **Cash invested for repayment of long-term liabilities (Note 18)** | **-** | **860 213** |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.75 % and 17.50 % and will be repaid by 2020

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED** | | |
| **Unauthorised expenditure** | | |
| Reconciliation of unauthorised expenditure | | |
| Opening balance | - | - |
| Unauthorised expenditure current year | - | - |
| Approved by Council or condoned | - | - |
| Transfer to receivables for recovery (note 22) | - | - |
| Unauthorised expenditure awaiting authorisation | **-** | **-** |

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| | |

**Fruitless and wasteful expenditure**

| | | |
|---|---|---|
| Reconciliation of fruitless and wasteful expenditure | | |
| Opening balance | - | - |
| Fruitless and wasteful expenditure current year | | - |
| Condoned or written off by Council | - | - |
| To be recovered – contingent asset (see note 40) | - | - |
| Fruitless and wasteful expenditure awaiting condonement | - | - |

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| | |

**Irregular expenditure**

| | | |
|---|---|---|
| Reconciliation of irregular expenditure | | |
| Opening balance | - | - |
| Fruitless and wasteful expenditure current year | - | - |
| Condoned or written off by Council | - | - |
| Transfer to receivables for recovery – not condoned | - | - |
| Irregular expenditure awaiting condonement | - | - |

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| | |

**38 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**38.1 Contributions to organized local government**

| | | |
|---|---|---|
| Opening balance | - | - |
| Council subscriptions | - | - |
| Amount paid - current year | - | - |
| Amount paid - previous years | - | - |
| **Balance unpaid (included in creditors)** | - | **-** |

**38.2 Audit fees**

| | | |
|---|---|---|
| Opening balance | - | - |
| Current year audit fee | 626 399 | - |
| Amount paid - current year | -626 399 | - |
| Adjustments | - | - |
| **Balance unpaid (included in creditors)** | - | - |

| | | |
|---|---|---|
| **38.3 VAT** | #REF! | #REF! |

VAT inputs receivables as shown in Note 17.1 and VAT outputs receivables are shown in note 10. All VAT returns have been submitted by the due date throughout the year.

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **38.4 PAYE and UIF** | | |
| Opening balance | - | - |
| Current year payroll deductions | 3 433 051 | 3 997 746 |
| Amount paid - current year | -3 433 051 | -3 997 746 |
| Amount paid - previous years | - | - |
| **Balance unpaid (included in creditors)** | **-** | **-** |
| **38.5 Pension and Medical Aid Deductions** | | |
| Opening balance | - | - |
| Current year payroll deductions and Council Contributions | 8 732 749 | 7 153 534 |
| Amount paid - current year | -8 732 749 | -7 153 534 |
| Amount paid - previous years | - | - |
| **Balance unpaid (included in creditors)** | **-** | **-** |

**38.6 Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

| **30-Jun-07** | **Total** | **Outstanding less than 90 days** | **Outstanding more than 90 days** |
|---|---|---|---|
| Councillor | - | - | - |
| | - | - | - |
| **Total Councillor Arrear Consumer Accounts** | **-** | **-** | **-** |

| **30-Jun-06** | **Total** | **Outstanding less than 90 days** | **Outstanding more than 90 days** |
|---|---|---|---|
| Councillor | - | - | - |
| | - | - | - |
| **Total Councillor Arrear Consumer Accounts** | **-** | **-** | **-** |

**38.6 Councillor's arrear consumer accounts**

| During the year the following Councillors' had arrear accounts outstanding for more than 90 days | **Highest Amount Outstanding** | **Ageing** |
|---|---|---|
| **30-Jun-07** | | |
| Councillor | | days |
| **30-Jun-06** | | |
| Councillor | | days |

No councillor had an arrear account outstanding for more than 90 days during the year ended 30 June 2007 or as at year end 30 June 2007.

**38.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

Bergrivier Municipality Complies with Chapter 11 of the MFMA.

**38.8 Award quotation - Section 45 - Supply Chain Management**

Refer Appedix I for the Supply Chain Management Report.

| | 2007<br>R | 2006<br>R |
|---|---|---|
| **39 CAPITAL COMMITMENTS** | | |
| Commitments in respect of capital expenditure: | | |
| - Approved and contracted for | - | - |
| *Infrastructure* | - | - |
| *Community* | - | - |
| *Heritage* | - | - |
| *Other* | - | - |
| *Housing Development Fund* | - | - |
| *Investment Properties* | - | - |
| - Approved but not yet contracted for | 33 648 800 | 34 277 300 |
| *Infrastructure* | 27 691 500 | 25 956 100 |
| *Community* | 1 146 900 | 5 972 800 |
| *Heritage* | - | - |
| *Other* | 4 810 400 | 2 348 400 |
| *Housing Development Fund* | - | - |
| *Investment Properties* | - | - |
| **Total** | **33 648 800** | **34 277 300** |
| This expenditure will be financed from: | | |
| - External Loans | 5 070 000 | 3 791 000 |
| - Capital Replacement Reserve | - | - |
| - Government Grants | 19 862 000 | 21 562 000 |
| - Own resources | 8 716 800 | 6 084 300 |
| - District Council Grants | - | 2 840 000 |
| | **33 648 800** | **34 277 300** |

**40 RETIREMENT BENEFIT INFORMATION**

All Councillors and employees belong to 5 defined benefit retirement funds administered by the Trustees of the Funds. These funds are subject to a annually actuarial valuation. The last valuation was performed in 2006. These valuations indicate that the funds are in a sound financial position.

**41 CONTINGENT LIABILITY**

No contingent liabilities exist as at year-end.

**42 CONTINGENT ASSET**

No contingent asset exist as at year-end.

**43 IN-KIND DONATIONS AND ASSISTANCE**

The Municipality did not receive any in-kind donations and assistance during the

## 44 Financial Instruments

### Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

The Minister of Finance has, in terms of Government Gazette no. 300013 of 29 June 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

#### *(a) Foreign exchange currency risk*

The municipality does not engage in foreign currency transactions.

#### *(b) Interest rate Risk*

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates.
This risk is managed on an ongoing basis.

#### *(c) Credit Risk*

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

#### *(d) Liquidity Risk*

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

## 45 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year 2006/2007

## 46 EVENTS AFTER THE REPORTING DATE

There are no reporting events after reporting date.

## 47 PREPARATION OF FINANCIAL STATEMENTS

The 2006/07 Annual Financial Statements was prepared on 15 October 2007 according to the latest Specimen Municipal Annual Financial Statements issued by Circular 36 by National Treasury on 9 June 2006.

## 11. PROPERTY, PLANT AND EQUIPMENT

**30-Jun-07**

| Reconciliation of Carrying Value | Land and Buildings | Infra-structure | Community | Heritage | Other | Housing Develop. Fund | Leased Office Equipment | Investment Properties | Total |
|---|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R | R |
| **Carrying values at 1 July 2006** | **25 980 117** | **59 460 071** | **6 999 866** | **-** | **6 237 945** | **-** | **755 452** | **-** | **99 433 451** |
| *Cost* | *32 146 035* | *77 007 200* | *12 434 786* | *-* | *12 194 692* | *-* | *1 140 000* | *-* | *134 922 713* |
| *Non Capital* | - | - | - | - | - | - | - | - | - |
| *Correction of error ( note 32)* | - | - | - | - | - | - | - | - | - |
| *Revaluation* | - | - | - | - | - | - | - | - | - |
| *Accumulated depreciation* | *-6 165 918* | *-17 547 129* | *-5 434 920* | *-* | *-5 956 747* | *-* | *-384 548* | *-* | *-35 489 262* |
| *- Cost* | *-6 165 918* | *-17 547 129* | *-5 434 920* | *-* | *-5 956 747* | *-* | *-384 548* | *-* | *-35 489 262* |
| *- Revaluation* | - | - | - | - | - | - | - | - | - |
| Acquisitions | 95 378 | 11 794 930 | 3 459 301 | - | 1 422 496 | - | - | - | 16 772 105 |
| Capital under Construction | - | - | - | - | - | - | - | - | - |
| Increases/decreases in revaluation | - | - | - | - | - | - | - | - | - |
| Depreciation | -577 852 | -4 148 365 | -376 245 | - | -1 547 696 | - | -228 825 | - | -6 878 983 |
| - based on cost | *-577 852* | *-4 148 365* | *-376 245* | *-* | *-1 547 696* | *-* | *-228 825* | *-* | *-6 878 983* |
| - based on revaluation | - | - | - | - | - | - | - | - | - |
| Carrying value of disposals | - | - | - | - | - | - | - | - | - |
| *Cost/revaluation* | - | - | - | - | - | - | - | - | - |
| *Accumulated depreciation* | - | - | - | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | - | - | - | |
| Correction of error | - | - | - | - | - | - | - | - | - |
| | **25 497 643** | **67 106 636** | **10 082 922** | **-** | **6 112 745** | **-** | **526 627** | **-** | **109 326 573** |
| **Carrying values at 30 June 2007** | **25 497 643** | **67 106 636** | **10 082 922** | **-** | **6 112 745** | **-** | **526 627** | **-** | **109 326 573** |
| *Cost* | *32 241 413* | *88 802 130* | *15 894 088* | *-* | *13 617 189* | *-* | *1 140 000* | *-* | *151 694 820* |
| *Revaluation* | - | - | - | - | - | - | - | - | - |
| *Accumulated depreciation* | *-6 743 770* | *-21 695 494* | *-5 811 166* | *-* | *-7 504 444* | *-* | *-613 373* | *-* | *-42 368 247* |
| *- Cost* | *-6 743 770* | *-21 695 494* | *-5 811 166* | *-* | *-7 504 444* | *-* | *-613 373* | *-* | *-42 368 247* |
| *- Revaluation* | - | - | - | - | - | - | - | - | - |

**30-Jun-06**

| Reconciliation of Carrying Value | Land and Buildings | Infra-structure | Community | Heritage | Other | Housing Develop. Fund | Leased Office Equipment | Investment Properties | Total |
|---|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R | R |
| **Carrying values at 1 July 2005** | **24 164 926** | **56 287 024** | **6 552 137** | **-** | **6 571 292** | **-** | **966 058** | **-** | **94 541 437** |
| *Cost* | *29 726 321* | *69 985 712* | *11 519 179* | *-* | *18 647 275* | *-* | *-* | *-* | *129 878 487* |
| *Non Capital* | - | - | - | - | *-5 968 537* | - | - | - | *-5 968 537* |
| *Correction of error ( note 33)* | - | - | - | - | *-1 597 978* | - | - | - | *-1 597 978* |
| *Change in Accounting Policy (Note 31)* | - | - | - | - | - | - | *1 193 500* | - | *1 193 500* |
| *Accumulated depreciation* | *-5 561 395* | *-13 698 688* | *-4 967 042* | *-* | *-4 509 468* | *-* | *-227 442* | *-* | *-28 964 035* |
| *Change in Accounting Policy (Note 31)* | *-5 561 395* | *-13 698 688* | *-4 967 042* | *-* | *-4 509 468* | *-* | *-227 442* | *-* | *-28 964 035* |
| *- Revaluation* | - | - | - | - | - | - | - | - | - |
| Acquisitions | 2 419 714 | 7 021 488 | 915 607 | - | 1 043 932 | - | 16 500 | - | 11 417 241 |
| Capital under Construction | - | - | - | - | - | - | - | - | - |
| Increases/decreases in revaluation | - | - | - | - | - | - | - | - | - |
| Depreciation | -604 523 | -3 848 441 | -467 878 | - | -1 377 279 | - | -227 106 | - | -6 525 227 |
| - based on cost | *-604 523* | *-3 848 441* | *-467 878* | *-* | *-1 377 279* | *-* | *-227 106* | *-* | *-6 525 227* |
| - based on revaluation | - | - | - | - | - | - | - | - | - |
| Carrying value of disposals | - | - | - | - | - | - | - | - | - |
| *Cost/revaluation* | - | - | - | - | - | - | - | - | - |
| *Accumulated depreciation* | - | - | - | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | - | - | - | - |
| Correction of error | - | - | - | - | - | - | - | - | - |
| | **25 980 117** | **59 460 071** | **6 999 866** | **-** | **6 237 945** | **-** | **755 452** | **-** | **99 433 451** |
| **Carrying values at 30 June 2006** | **25 980 117** | **59 460 071** | **6 999 866** | **-** | **6 237 945** | **-** | **755 452** | **-** | **99 433 451** |
| *Cost* | *32 146 035* | *77 007 200* | *12 434 786* | *-* | *12 194 692* | *-* | *1 140 000* | *-* | *134 922 713* |
| *Revaluation* | - | - | - | - | - | - | - | - | - |
| *Accumulated depreciation* | *-6 165 918* | *-17 547 129* | *-5 434 920* | *-* | *-5 956 747* | *-* | *-384 548* | *-* | *-35 489 262* |
| *- Cost* | *-6 165 918* | *-17 547 129* | *-5 434 920* | *-* | *-5 956 747* | *-* | *-384 548* | *-* | *-35 489 262* |
| *- Revaluation* | - | - | - | - | - | - | - | - | - |

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The leased property, plant and equipment is secured as set out in Note 4.

The Minister of Finance has, in terms of Government Gazette no. 300013 of 29 June 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

· Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]

· Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]

· Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]

· Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

**APPENDIX A**
**BERGRIVIER MUNICIPALITY**
**SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2007**

| EXTERNAL LOANS | Loan Rate | Loan Number | Redeemable Date | Balance at 2006/06/30 | Received during the year | Redeemed written off during the year | Balance at 2007/06/30 | Carrying Value of Property, Plant & Equip | Other Costs in accordance with the MFMA |
|---|---|---|---|---|---|---|---|---|---|
| **LONG-TERM LOANS** | | | | **R** | **R** | **R** | **R** | **R** | **R** |
| **Total long-term loans** | | | | **-** | **-** | **-** | - | **-** | **-** |
| **ANNUITY LOAN** | | | | | | | | - | - |
| DBSA : 10886/102 | 15.00% | DBSA 1 | 2018/06/30 | 1 613 639 | - | 53 915 | 1 559 724 | - | - |
| DBSA : 12562 | 15,57% | PVE13 | 2008/06/01 | 44 300 | - | 20 496 | 23 804 | - | - |
| DBSA : 10374 | 13,00% | PVE17 | 2016/03/01 | 1 218 709 | - | 70 447 | 1 148 262 | - | - |
| DBSA : 13021 | 15,06% | EVD5 | 2007/06/01 | 58 551 | - | 58 551 | - | - | - |
| DBSA : 102444/1 | 9,98% | Berg Elek | 2016/12/31 | - | 2 615 000 | - | 2 615 000 | - | - |
| DBSA : 101210/1 | 10,80% | BRG1 | 2014/06/30 | 1 617 625 | - | 135 994 | 1 481 631 | - | - |
| DBSA : 101210/2 | 10,60% | BGR2 | 2009/06/30 | 171 743 | - | 51 450 | 120 293 | - | - |
| INCA | 9,44% | BRG3 | 2015/06/01 | 1 822 251 | - | 134 827 | 1 687 424 | - | - |
| | | | | | | | | - | - |
| DBSA : 12602 | 10,75% | 4 | 2009/12/01 | 50 641 | - | 12 630 | 38 011 | - | - |
| DBSA : 12603 | 9,50% | 5 | 2010/12/01 | 24 733 | - | 4 640 | 20 093 | | - |
| DBSA : 13023 | 13,23% | EVD6 | 2015/06/01 | 1 556 039 | - | 98 173 | 1 457 866 | - | - |
| DBSA : 13324 | 16,50% | EVD8 | 2020/12/01 | 938 327 | - | 18 049 | 920 278 | - | - |
| | | | | | | | | - | - |
| DBSA : 11650 | 13,45% | EK 2 | 2007/06/01 | 2 727 | - | 3 715 | -988 | - | - |
| DBSA : 10778 | 14,00% | PVE16 | 2017/09/01 | 1 250 797 | - | 41 076 | 1 209 721 | - | - |
| DBSA : 13757 | 11,70% | EVD9 | 2016/06/01 | 781 967 | - | 44 495 | 737 472 | - | - |
| | | | | | | | - | - | - |
| DBSA : 102444/2 | 9,94% | Berg Grnd & Geb | 2013/12/31 | - | 1 566 000 | - | 1 566 000 | - | - |
| DBSA : 102444/3 | 9,96% | Berg Grnd & Geb | 2011/12/31 | - | 815 562 | - | 815 562 | - | - |
| | | | | | | | | - | - |
| **Total Annuity Loans** | | | | **11 152 049** | **4 996 562** | **748 458** | **15 400 153** | **-** | **-** |
| **GOVERNMENT LOANS** | | | | | | | | | |
| **Total Government Loans** | | | | **-** | **-** | **-** | **-** | **-** | **-** |
| Office Equipment | | | | 825 810 | - | 217 735 | 608 075 | - | - |
| **LEASE LIABILITY** | | | | 825 810 | - | 217 735 | 608 075 | - | - |
| **TOTAL EXTERNAL LOANS** | | | | **11 977 859** | **4 996 562** | **966 193** | **16 008 228** | **-** | **-** |

Refer to Appendix H for Unspent External Loans.

**APPENDIX B**
**BERGRIVIER MUNICIPALITY**
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2007**

| | Cost/Revaluation | | | | | Accumulated Depreciation | | | | Carrying |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Under Construction | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | Value |
| **Land and Buildings** | | | | | | | | | | |
| Land | 13 747 273 | - | - | - | 13 747 273 | 30 139 | 10 154 | - | 40 293 | 13 706 980 |
| Buildings | 18 398 762 | 95 378 | - | - | 18 494 140 | 6 135 779 | 567 698 | - | 6 703 477 | 11 790 663 |
| | **32 146 035** | **95 378** | **-** | **-** | **32 241 413** | **6 165 918** | **577 852** | **-** | **6 743 770** | **25 497 643** |
| **Infrastructure** | | | | | | | | | | |
| Drains | - | - | - | - | - | - | - | - | - | - |
| Roads and Streets | 22 513 497 | 3 068 239 | - | - | 25 581 736 | 5 637 689 | 1 450 734 | - | 7 088 423 | 18 493 313 |
| Beach Improvements | - | - | - | - | - | - | - | - | - | - |
| Sewerage Mains and Purification | 11 096 786 | 822 310 | - | - | 11 919 096 | 3 265 965 | 503 589 | - | 3 769 554 | 8 149 542 |
| Electricity mains | 19 413 874 | 5 005 122 | - | - | 24 418 996 | 3 210 531 | 948 599 | - | 4 159 130 | 20 259 866 |
| Electricity Peak Load equipment | 466 780 | - | - | - | 466 780 | 52 761 | 31 119 | - | 83 880 | 382 900 |
| Water Mains & Purification | 2 124 283 | 104 000 | - | - | 2 228 283 | 533 161 | 141 619 | - | 674 780 | 1 553 503 |
| Water Reservoirs | 6 794 688 | - | - | - | 6 794 688 | 1 693 389 | 339 735 | - | 2 033 124 | 4 761 564 |
| Water Meters | - | 40 046 | - | - | 40 046 | - | - | - | - | 40 046 |
| Water Mains | 14 535 092 | 2 755 213 | - | - | 17 290 305 | 3 150 523 | 729 860 | - | 3 880 383 | 13 409 922 |
| Landfill Sites | 62 200 | - | - | - | 62 200 | 3 110 | 3 110 | - | 6 220 | 55 980 |
| | **77 007 200** | **11 794 930** | **-** | **-** | **88 802 130** | **17 547 129** | **4 148 365** | **-** | **21 695 494** | **67 106 636** |
| **Community Assets** | | | | | | | | | | |
| Parks and Gardens | 6 056 192 | - | - | - | 6 056 192 | 2 663 714 | 173 037 | - | 2 836 751 | 3 219 441 |
| Libraries | 1 768 128 | - | - | - | 1 768 128 | 1 290 129 | 18 938 | - | 1 309 067 | 459 061 |
| Recreation Grounds | 3 189 543 | 2 456 439 | - | - | 5 645 982 | 681 245 | 159 477 | - | 840 722 | 4 805 260 |
| Civic Buildings | 1 420 924 | 1 002 862 | - | - | 2 423 786 | 799 833 | 24 793 | - | 824 626 | 1 599 160 |
| | **12 434 787** | **3 459 301** | **-** | **-** | **15 894 088** | **5 434 921** | **376 245** | **-** | **5 811 166** | **10 082 922** |
| **Heritage Assets** | | | | | | | | | | |
| Historical Buildings | - | - | - | - | - | - | - | - | - | - |
| Painting & Art Galleries | - | - | - | - | - | - | - | - | - | - |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total carried forward** | 121 588 022 | 15 349 609 | - | - | 136 937 631 | 29 147 968 | 5 102 462 | - | 34 250 430 | 102 687 201 |

**APPENDIX B**
**BERGRIVIER MUNICIPALITY**
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2007**

| | Cost/Revaluation | | | | | Accumulated Depreciation | | | | Carrying |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Under Construction | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | Value |
| **Total brought forward** | 121 588 022 | 15 349 609 | - | - | 136 937 631 | 29 147 968 | 5 102 462 | - | 34 250 430 | 102 687 201 |
| **Housing Rental Stock** | | | | | | | | | | |
| Housing | - | - | - | - | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - | - | - | - | - |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Leased Assets** | | | | | | | | | | |
| Office Equipment (Lease) | 1 140 000 | - | - | - | 1 140 000 | 384 548 | 228 825 | - | 613 373 | 526 627 |
| | **1 140 000** | **-** | **-** | **-** | **1 140 000** | **384 548** | **228 825** | **-** | **613 373** | **526 627** |
| **Other Assets** | | | | | | | | | | |
| Landfill Sites | 5 410 625 | 1 217 232 | - | - | 6 627 857 | 2 371 555 | 636 432 | - | 3 007 987 | 3 619 870 |
| Office Equipment | 145 000 | - | - | - | 145 000 | 118 000 | 15 000 | - | 133 000 | 12 000 |
| Furniture and Fittings | - | 17 256 | - | - | 17 256 | - | - | - | - | 17 256 |
| Bins and Containers | 60 000 | 56 858 | - | - | 116 858 | 16 000 | 4 000 | - | 20 000 | 96 858 |
| Emergency equipment | 4 888 566 | 131 150 | - | - | 5 019 716 | 2 343 032 | 718 207 | - | 3 061 239 | 1 958 477 |
| Motor Vehicles | 320 000 | - | - | - | 320 000 | 113 333 | 16 000 | - | 129 333 | 190 667 |
| Fire Engines | 857 209 | - | - | - | 857 209 | 564 085 | 83 507 | - | 647 592 | 209 617 |
| Refuse Tankers | 513 293 | - | - | - | 513 293 | 430 743 | 74 550 | - | 505 293 | 8 000 |
| Computer Equipment | - | - | - | - | - | - | - | - | - | - |
| Councillors Regalia | - | - | - | - | - | - | - | - | - | - |
| Conservancy Tankers | - | - | - | - | - | - | - | - | - | - |
| Water crafts | - | - | - | - | - | - | - | - | - | - |
| | **12 194 693** | **1 422 496** | **-** | **-** | **13 617 189** | **5 956 748** | **1 547 696** | **-** | **7 504 444** | **6 112 745** |
| **Investment Properties** | | | | | | | | | | |
| Investment Properties | - | - | - | - | - | - | - | - | - | - |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **134 922 715** | **16 772 105** | **-** | **-** | **151 694 820** | **35 489 264** | **6 878 983** | **-** | **42 368 247** | **109 326 573** |

**APPENDIX C**
**BERGRIVIER MUNICIPALITY**
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED**
**30-Jun-07**

| | Cost | | | | | Accumulated Depreciation | | | | Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Under Construction | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | |
| Executive & Council | 1 870 381 | - | - | - | 1 870 381 | 558 704 | 358 501 | - | 917 205 | 953 176 |
| Finance & Admin | 32 084 873 | 1 110 840 | - | - | 33 195 713 | 8 638 532 | 732 966 | - | 9 371 498 | 23 824 215 |
| Planning & Development | - | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - | - |
| Community & Social Services | 5 158 567 | 4 500 | - | - | 5 163 067 | 2 667 792 | 206 532 | - | 2 874 324 | 2 288 743 |
| Housing | 279 630 | - | - | - | 279 630 | 228 721 | 2 036 | - | 230 757 | 48 873 |
| Public Safety | 1 465 145 | - | - | - | 1 465 145 | 720 839 | 163 904 | - | 884 743 | 580 402 |
| Sport & Recreation | 11 047 422 | 2 654 401 | - | - | 13 701 823 | 2 251 172 | 524 343 | - | 2 775 515 | 10 926 308 |
| Environmental Protection | - | - | - | - | - | - | - | - | - | - |
| Waste Management | 12 466 978 | 954 260 | - | - | 13 421 238 | 4 041 930 | 666 842 | - | 4 708 772 | 8 712 466 |
| Road Transport | 23 992 862 | 3 937 977 | - | - | 27 930 839 | 6 983 150 | 1 782 956 | - | 8 766 106 | 19 164 733 |
| Water | 24 245 982 | 2 906 387 | - | - | 27 152 369 | 5 570 683 | 1 309 108 | - | 6 879 791 | 20 272 578 |
| Electricity | 22 310 876 | 5 203 739 | - | - | 27 514 615 | 3 827 740 | 1 131 796 | - | 4 959 536 | 22 555 079 |
| Other | | | | | | | | | | |
| **TOTAL** | **134 922 716** | **16 772 104** | **-** | **-** | **151 694 820** | **35 489 263** | **6 878 984** | **-** | **42 368 247** | **109 326 573** |

**APPENDIX D**
**BERGRIVIER MUNICIPALITY**
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED**
**30-Jun-07**

| 2006 Actual Income R | 2006 Actual Expenditure R | 2006 Surplus/ (Deficit) R | | 2007 Actual Income R | 2007 Actual Expenditure R | 2007 Surplus/ (Deficit) R |
|---|---|---|---|---|---|---|
| 8 645 800 | 11 066 843 | -2 421 043 | Executive & Council | 18 283 106 | 14 738 396 | 3 544 710 |
| 37 225 706 | 14 705 932 | 22 519 774 | Finance & Admin | 24 575 154 | 12 386 764 | 12 188 390 |
| 529 903 | 932 429 | -402 526 | Planning & Development | 647 992 | 1 295 346 | -647 354 |
| - | - | - | Health | - | - | - |
| 182 176 | 2 005 777 | -1 823 601 | Community & Social Services | 209 288 | 2 162 097 | -1 952 809 |
| 181 326 | 192 415 | -11 089 | Housing | 52 181 | 421 606 | -369 425 |
| 2 567 752 | 2 282 744 | 285 008 | Public Safety | 2 228 878 | 2 889 224 | -660 346 |
| 2 060 443 | 4 599 443 | -2 539 000 | Sport & Recreation | 1 965 658 | 5 947 317 | -3 981 659 |
| - | - | - | Environmental Protection | - | - | - |
| 5 717 600 | 6 022 558 | -304 958 | Waste Management | 6 930 924 | 7 443 440 | -512 516 |
| 60 313 | 8 711 361 | -8 651 048 | Road Transport | 24 234 | 9 069 668 | -9 045 434 |
| 7 806 105 | 7 055 913 | 750 192 | Water | 8 801 841 | 7 489 640 | 1 312 201 |
| 25 742 905 | 22 082 677 | 3 660 228 | Electricity | 28 166 699 | 23 453 222 | 4 713 477 |
| - | - | - | Other | - | - | - |
| 90 720 029 | 79 658 092 | 11 061 937 | Sub Total | 91 885 955 | 87 296 720 | 4 589 235 |
| - | -5 276 722 | 5 276 722 | Less Inter-Dep Charges | - | -5 685 365 | 5 685 365 |
| **90 720 029** | **74 381 370** | **16 338 659** | **Total** | **91 885 955** | **81 611 355** | **10 274 600** |
| | | - | Add: Share of Associate | | | - |
| | | **16 338 659** | | | | **10 274 600** |

**APPENDIX E(1)**
**BERGRIVIER MUNICIPALITY**
**ACTUAL VERSUS BUDGET (REVENUE VS EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007**

| REVENUE | 2007 Actual (R) | 2007 Budget (R) | 2007 Variance (R) | 2007 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget |
|---|---|---|---|---|---|
| Property rates | 19 313 801 | 18 276 000 | 1 037 801 | 6% | |
| Property rates - penalties imposed and collection charges | - | - | - | 0% | |
| Service charges | 43 325 806 | 43 069 580 | 256 226 | 1% | |
| Rental of facilities and equipment | 2 032 451 | 2 194 800 | -162 349 | -7% | |
| Interest earned - external investments | 2 965 240 | 650 000 | 2 315 240 | 356% | Interest on Revolving Fund |
| Interest earned - outstanding debtors | 1 448 908 | 1 100 000 | 348 908 | 32% | Increase in Debtors |
| Dividends received | - | - | - | 0% | |
| Fines | 717 658 | 957 100 | -239 442 | -25% | Staff Shortage |
| Licences and permits | 716 348 | 982 000 | -265 652 | -27% | |
| Income for agency services | 817 163 | 1 140 000 | -322 837 | -28% | Staff Shortage |
| Government grants and subsidies | 16 329 376 | 8 383 000 | 7 946 376 | 95% | Operating & Capital Grant Payments not budgeted in Operating Account |
| Other income | 2 765 271 | 1 565 986 | 1 199 285 | 77% | GRAP conversion journals |
| Public contributions, donated/contributed PPE | - | - | - | 0% | |
| Gains on disposal of property, plant and equipment | 1 453 934 | - | 1 453 934 | 0% | Not budgeted for in IMFO |
| Change in fair value | - | - | - | 0% | |
| ***Total Revenue*** | ***91 885 956*** | ***78 318 466*** | ***13 567 490*** | ***17%*** | |
| **EXPENDITURE** | | | | | |
| Executive & Council | 14 738 396 | 10 010 001 | 4 728 395 | 47% | GRAP conversion journals |
| Finance & Admin | 12 386 764 | 12 344 785 | 41 979 | 0% | |
| Planning & Development | 1 295 346 | 1 304 197 | -8 851 | -1% | |
| Health | - | - | - | 0% | |
| Community & Social Services | 2 162 097 | 2 013 265 | 148 832 | 7% | |
| Housing | 421 606 | 234 330 | 187 276 | 80% | GRAP conversion journals |
| Public Safety | 2 889 224 | 2 362 994 | 526 230 | 22% | Admin Cost, Staffing, Overtime |
| Sport & Recreation | 5 947 317 | 5 266 898 | 680 419 | 13% | Admin Cost, Staffing, Depreciation, Overtime |
| Environmental Protection | - | - | - | 0% | |
| Waste Management | 7 443 440 | 6 897 344 | 546 096 | 8% | |
| Road Transport | 9 069 668 | 7 782 817 | 1 286 851 | 17% | Depreciation, Admin Cost |
| Water | 7 489 640 | 6 166 085 | 1 323 555 | 21% | Staffing, Depreciation, Admin Cost, Bulk Purchases |
| Electricity | 23 453 222 | 23 952 017 | -498 795 | -2% | |
| Other | - | - | - | 0% | |
| Inter-departmental charges | -5 685 365 | -7 161 764 | 1 476 399 | -21% | Admin Costs |
| ***Total Expenditure*** | ***81 611 355*** | ***71 172 969*** | ***10 438 386*** | ***15%*** | |
| ***NET SURPLUS/(DEFICIT) FOR THE YEAR*** | ***10 274 601*** | ***7 145 497*** | ***3 129 104*** | | |

**APPENDIX E(2)**
**BERGRIVIER MUNICIPALITY**
**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007**

| | 2007 Actual | 2007 Under Construction | 2007 Total Additions | 2007 Budget | 2007 Variance | 2007 Variance | Explanation of Significant Variances greater than 5% versus Budget |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | % | *(Explanations to be recorded)* |
| Executive & Council | - | - | - | | - | 0.00% | Budget include Housing and District Municipality Transfers. |
| Finance & Admin | 1 110 840 | - | 1 110 840 | 11 727 300 | -10 616 460 | -90.53% | Budget include Housing and District Municipality Transfers. |
| Planning & Development | - | - | - | | - | 0.00% | Budget include Housing and District Municipality Transfers. |
| Health | - | - | - | | - | 0.00% | Budget include Housing and District Municipality Transfers. |
| Community & Social Services | 4 500 | - | 4 500 | 60 000 | -55 500 | -92.50% | Budget include Housing and District Municipality Transfers. |
| Housing | - | - | - | | - | 0.00% | Budget include Housing and District Municipality Transfers. |
| Public Safety | - | - | - | 66 000 | -66 000 | -100.00% | Budget include Housing and District Municipality Transfers. |
| Sport & Recreation | 2 654 401 | - | 2 654 401 | 3 520 000 | -865 599 | -24.59% | Budget include Housing and District Municipality Transfers. |
| Environmental Protection | - | - | - | | - | 0.00% | Budget include Housing and District Municipality Transfers. |
| Waste Management | 954 260 | - | 954 260 | 4 464 800 | -3 510 540 | -78.63% | Budget include Housing and District Municipality Transfers. |
| Road Transport | 3 937 977 | - | 3 937 977 | 4 666 000 | -728 023 | -15.60% | Budget include Housing and District Municipality Transfers. |
| Water | 2 906 387 | - | 2 906 387 | 7 129 700 | -4 223 313 | -59.24% | Budget include Housing and District Municipality Transfers. |
| Electricity | 5 203 739 | - | 5 203 739 | 6 445 000 | -1 241 261 | -19.26% | Budget include Housing and District Municipality Transfers. |
| Other | - | - | - | | - | 0.00% | Budget include Housing and District Municipality Transfers. |
| | | | | | | | |
| **Total** | **16 772 104** | **-** | **16 772 104** | **38 078 800** | **-21 306 696** | **-55.95%** | |

**APPENDIX F**
**BERGRIVIER MUNICIPALITY**
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2007**

**Grant and Subsidies Received**

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | | | | | Reason for delay / withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for non-compliance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March | June | Sept | Dec | March | March | June | Sept | Dec | March | March | June | Sept | Dec | March | | Yes / No | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

**Refer to Appendix H for detail of Grants and Subsidies.**

# APPENDIX H

**BERGRIVIER MUNICIPALITY**

**UNSPENT GOVERNMENT GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2007**

| | | | | 2006 Financial Year | | | | 2007 Financial Year | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Dept | Item | Vote | Description | Open Bal 1.6.2005 | Receipts | Payments | Balance 30.6.2006 | Receipts | Payments | Balance 30.6.2007 |
| 806 | 200 | 5 670 | Housing Mooiplaas | -15 511 | -24 915 | - | -40 426 | - | - | -40 426 |
| 812 | 300 | 5 824 | GIS Master plan | -14 324 | - | - | -14 324 | - | - | -14 324 |
| 812 | 300 | 5 825 | Masibambane | - | - | - | - | -571 965 | 317 589 | -254 376 |
| 812 | 300 | 5 826 | Electricity Master plan | 3 684 | -174 421 | 139 040 | -31 697 | - | - | -31 697 |
| 812 | 300 | 5 828 | Coastal Area | -40 490 | - | - | -40 490 | - | - | -40 490 |
| 812 | 300 | 5 831 | LOTTO: Sport fields Berghof | - | - | - | - | -500 000 | - | -500 000 |
| 812 | 300 | 5 835 | WDM Performance Management | -40 000 | - | - | -40 000 | - | - | -40 000 |
| 812,814 | 300 | 5836,5931 | PIMS, Zoning Scheme | -150 000 | -5 000 | - | -155 000 | -50 000 | 43 407 | -161 593 |
| 812 | 300 | 5 837 | Lotto - Plant Trees | -297 183 | - | - | -297 183 | - | - | -297 183 |
| 812 | 300 | 5 839 | R O R | 4 192 | - | - | 4 192 | -100 000 | - | -95 808 |
| 812 | 300 | 5 840 | Finance Management Grant | -356 424 | - | 104 069 | -252 355 | -282 000 | 132 036 | -402 319 |
| 812 | 300 | 5 841 | Draught relief | - | -1 530 000 | - | -1 530 000 | - | 1 530 000 | - |
| 812 | 300 | 5 842 | Imbizo Porterville | - | - | - | - | -40 000 | 37 430 | -2 570 |
| 812 | 300 | 5 845 | CDW Contribution: WDM | - | - | - | - | -36 416 | 4 343 | -32 073 |
| 814 | 300 | 5 848 | WDM "Sopkombuis" | - | -80 000 | 51 586 | -28 414 | - | 28 414 | - |
| 814 | 300 | 5 926 | SETA training fund | -87 646 | -154 917 | 136 925 | -105 638 | -138 121 | 130 543 | -113 216 |
| 814 | 300 | 5 930 | Land Metre Klippiesdorp | -7 790 | - | - | -7 790 | - | - | -7 790 |
| | | | | **-1 001 492** | **-1 969 253** | **431 620** | **-2 539 125** | **-1 718 502** | **2 223 762** | **-2 033 865** |

**UNPAID GOVERNMENT GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2007**

| | | | | 2006 Financial Year | | | | 2007 Financial Year | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Dept | Item | Vote | Description | Open Bal 1.6.2005 | Receipts | Payments | Balance 30.6.2006 | Receipts | Payments | Balance 30.6.2007 |
| 806 | 200 | 5662,5660 | Noordhoek Phase 3 | -335 118 | -82 500 | 521 948 | 104 330 | -137 200 | 114 960 | 82 090 |
| 806 | 200 | 5 665 | Eselsfontein Housing | -178 685 | -376 240 | 616 553 | 61 628 | -80 000 | 21 199 | 2 827 |
| 806 | 200 | 5 675 | Klippiesdorp Housing | 24 475 | -16 000 | - | 8 475 | -5 665 | 25 871 | 28 681 |
| 806 | 200 | 5 704 | Disaster Management | 17 011 | - | - | 17 011 | - | - | 17 011 |
| 806 | 200 | 5 710 | Health Train | - | - | - | - | -10 000 | 19 600 | 9 600 |
| 812 | 300 | 5 820 | Environmental Clean up | -246 450 | - | 795 180 | 548 730 | - | - | 548 730 |
| 812 | 300 | 5 822 | Road Maintenance | 154 708 | | | 154 708 | | | 154 708 |
| 812 | 300 | 5 832 | LOTTO Aurora | 35 573 | -19 190 | 232 679 | 249 062 | -7 118 | 78 300 | 320 244 |
| 812 | 300 | 5 834 | Ward Committees WDM | 1 745 | - | - | 1 745 | - | - | 1 745 |
| 812 | 300 | 5 843 | Wittewater: Historical Housing | - | - | - | - | -57 993 | 94 877 | 36 884 |
| 814 | 300 | 5 920 | Mayors Disaster Fund | -24 180 | -109 810 | 122 975 | -11 015 | -28 000 | 40 870 | 1 855 |
| | | | | **-550 921** | **-603 740** | **2 289 335** | **1 134 674** | **-325 976** | **395 677** | **1 204 375** |

**UNSPENT CAPITAL GOVERNMENT GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2007**

| | | | | | | | | 2007 Financial Year | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Dept | Item | Vote | Description | | | | Balance 30.6.2006 | Receipts | Payments | Balance 30.6.2007 |
| | | | Pump Station Expanding | | | | | -196 872 | 172 695 | -24 177 |
| | | | Rooibaai Jetty | | | | -131 725 | | 131 725 | - |
| | | | Build taxi-rank | | | | -828 092 | | | -828 092 |
| | | | Sport Fields | | | | -499 864 | -403 000 | 309 740 | -593 124 |
| | | | Sport Fields | | | | - | -913 000 | | -913 000 |
| | | | Sport Fields | | | | -439 286 | -366 667 | - | -805 953 |
| | | | Grondwater - development | | | | 173 587 | -1 774 064 | 1 487 654 | -112 823 |
| | | | | | | | **-1 725 380** | **-3 653 603** | **2 101 814** | **-3 277 169** |

## APPENDIX H

**BERGRIVIER MUNICIPALITY**

**UNPAID CAPITAL GOVERNMENT GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2007**

| | | | | | | | | 2007 Financial Year | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Dept** | **Item** | **Vote** | **Description** | | | **Balance 30.6.2006** | **Receipts** | **Payments** | **Balance 30.6.2007** |
| | | | Develop Informal Trading Centrum | | | 223 480 | -954 811 | 757 967 | 26 636 |
| | | | Bus Stops & Pavements | | | 702 853 | | 106 804 | 809 657 |
| | | | Upgrading of Sport Fields | | | 62 787 | - | 90 240 | 153 027 |
| | | | Upgrading Network at Aurora | | | - | -540 087 | 512 267 | - |
| | | | Building Swimming pools | | | - | -1 880 317 | 1 880 317 | - |
| | | | | | | **989 120** | **-3 375 215** | **3 347 595** | **989 320** |

**UNSPENT/UNPAID CAPITAL EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2007**

| | | | | | | | | 2007 Financial Year | |
|---|---|---|---|---|---|---|---|---|---|
| **Dept** | **Item** | **Vote** | **Description** | | | **Balance 30.6.2006** | **Receipts** | **Payments** | **Balance 30.6.2007** |
| | | | Generator | | | 304 309 | -304 309 | | - |
| | | | Build Feeder: Dwarskersbos | | | -898 145 | -2 615 000 | 3 513 145 | - |
| | | | Ground water development | | | 161 749 | -161 749 | | - |
| | | | Aluminium sulphate tanks 10 000L x3 | | | 18 092 | -18 092 | | - |
| | | | Asbestos line Piketko | | | 48 931 | -48 931 | | - |
| | | | Storm water line Industrial Area | | | 58 123 | -58 123 | | - |
| | | | Speed Bumps and Removal | | | 20 194 | -20 194 | - | - |
| | | | Reseal Roads | | | 370 491 | -922 786 | 552 294 | - |
| | | | Gravel Roads Industrial Area | | | 41 882 | -41 882 | | - |
| | | | Construction of Pavements | | | -8 120 | -29 257 | 37 377 | - |
| | | | Cement storm water lines at Aurora | | | 14 749 | -14 749 | | - |
| | | | Storm water line east of HOP-houses | | | 174 783 | -174 783 | | - |
| | | | Candle lights Bergrivier | | | -5 493 | -28 040 | 33 533 | - |
| | | | Cricket Pitch | | | 29 253 | -29 253 | | - |
| | | | Fencing Community Hall | | | 11 628 | -11 628 | | - |
| | | | Fencing Commonage | | | 18 162 | -18 162 | | - |
| | | | Communication System | | | 47 621 | -47 621 | | - |
| | | | Asset Register System | | | 60 876 | -60 876 | | - |
| | | | PC'S | | | 155 551 | -155 551 | | - |
| | | | Computers Fulltime Councillors | | | 59 203 | -59 203 | | - |
| | | | LDV | | | 74 900 | -74 900 | | - |
| | | | Tractor | | | 69 656 | -69 656 | | - |
| | | | Curtains Community Hall | | | 31 818 | -31 818 | | - |
| | | | | | | **860 213** | **-4 996 562** | **4 136 349** | **-** |

**EQUITABLE SHARE RECEIVED DURING THE YEAR 30 JUNE 2007**

| | | | | 2006 Financial Year | | | | 2007 Financial Year | |
|---|---|---|---|---|---|---|---|---|---|
| **Dept** | **Item** | **Vote** | **Description** | **Open Bal 1.6.2005** | **Receipts** | **Payments** | **Balance 30.6.2006** | **Receipts** | **Payments** | **Balance 30.6.2007** |
| | | | Equitable Share | | -6 036 654 | | | -7 789 855 | | |

# Appendix I

## Supply Chain Management Report of Bergrivier Municipality for the year ended 30 June 2007

## 14.11 SUPPLY CHAIN MANAGEMENT REPORTTING

### A. DEVIATIONS

Council's Supply Chain Management Policy as adopted on 29 November 2005 was in contradiction with the Supply Chain Management Regulations as promolgated under the MFMA (Act no 56 of 2003).

Council's policy stated that only two quotations were to be obtained for aquisitions between R2 000-00 and R10 000-00. It should have been three quotations. Council's policy was amended on 2 May 2007 to conform with the Regulations.

1. Repair of ladder (reservoir)

   Order BM 27416
   Amount R3 825-66
   Only one quotation was obtained

2. Rendering of diggerloader

   Order BM 27609
   Amount R6 187-50
   The more expensive quote was accepted

3. Various aquisitions was made without obtaining quotations.

   See attached memo to the Director : Technical Services

### B. CONTRACTS AWARDED TO PERSONS IN THE SERVICE OF THE STATE

None

### C. CONTRACTS AWARDED ABOVE R2 000-00 TO SPOUSES, CHILDREN OR PARENTS OF ANYBODY IN THE SERVICE OF THE STATE

The following contracts was awarded to Mr Koos Vlotman, father of Jerome Vlotman, who was Cashier at Bergrivier Municipality, but who resigned since then:

| | | | |
|---|---|---|---|
| 1. | Paint main building : Bergrivier Municipality | : | R13 000-00 |
| 2. | Paint pumpstation : Waterworks | : | R 3 000-00 |
| 3. | Paint cloakroom's ceilings : Sportsgrounds | : | R 1 500-00 |
| 4. | Paint seats pavillion : Watsonia Sportsgrounds | : | R 4 500-00 |
| 5. | Paint pavillion : Watsonia Sportsgrounds | : | R 2 500-00 |

# APPENDIX J

**BERGRIVIER MUNICIPALITY**

**AUDITOR GENERAL REPORT FOR THE YEAR ENDED 30 JUNE 2007**

**REPORT OF THE AUDITOR-GENERAL TO THE MUNICIPAL COUNCIL AND WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE BERGRIVIER MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007**

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Bergrivier Municipality which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 1 to 40.

### Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:

    - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

    - selecting and applying appropriate accounting policies

    - making accounting estimates that are reasonable in the circumstances.

### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by the Bergrivier Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Basis of accounting**

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

**Basis for qualified opinion**

**Consumer debtors**

10. At year-end the net outstanding consumer debtors' balance amounted to R15,9 million after providing for bad debts of R4,5 million. The age analysis however indicated that R9,8 million of consumer debtors have been outstanding for more than 120 days. The municipality incorrectly applied the exemption relating to IAS 39 *Financial instruments: Recognition and measurement* and raised a provision for bad debts based on the budgeted amounted approved by the council instead of basing it on an assessment of any objective evidence that individual consumer debtors or groups of consumer debtors were impaired. Such evidence was provided by the debtors' age analysis, which indicated significant non-adherence by consumers to the payment terms of the municipality. As management did not perform an assessment of the impairment required by IAS 39 and no information was provided other than the debtors age analysis, I was unable to perform satisfactory alternative audit procedures to obtain reasonable assurance regarding the valuation of consumer debtors.

**Property, plant and equipment**

11. Property plant and equipment was overstated by a net amount of R834 740 and assets with a net book value of R135 069 could not be verified for existence, as a result of the following:

    (a) The cost of property, plant and equipment, and related accumulated depreciation, as disclosed in note 11 to the annual financial statements, was overstated by R313 014 and R117 975, respectively due to the duplication of assets in the fixed asset register. As the municipality complied with GAMAP 17 *Property, plant and equipment* for the first time during the 2006-07 financial year, the duplication of assets resulted in an

overstatement of the opening accumulated surplus as disclosed in the annual financial statements.

(b) Various asset descriptions included in the fixed asset register were vague. Consequently, assets with a cost of R384 282 and a net book value of R240 798 included in property, plant and equipment that were selected for verification, could not be identified.

(c) Certain additions to property, plant and equipment during the year were only recorded in the general ledger at year-end and no depreciation was calculated on these assets. The depreciation and accumulated depreciation of property, plant and equipment are consequently understated by depreciation relating to additions of property, plant and equipment during the year. Based on assets with a cost price totalling R13 556 309 acquired during the year, depreciation and accumulated deprecation is estimated to be understated by R329 226. Management was unable to quantify the total error.

(d) Various costs totalling R477 270, that should have been included in expenses as repairs were incorrectly capitalised as property, plant and equipment, and consequently the cost of property, plant and equipment as disclosed in note 11 to the financial statements and repairs and maintenance expenses as disclosed in the statement of financial performance, was overstated by R477 270.

(e) As disclosed in accounting policy note 1.18 the municipality has adopted a policy whereby all items of property, plant and equipment with a cost below R10 000 were written off within one year. Plant and equipment written off in the current year under this policy amounted to R285 612. This did not comply with the basis of accounting determined by the National Treasury, resulting in the understatement of property, plant and equipment and accumulated depreciation.

**Accounts payable**

12. An unreconciled difference of R1,1 million exists between the amount due to the Western Cape Provincial Department of Public Works and Transport and the amount reflected as payable to that department in accounts payable, disclosed in note 8 to the annual financial statements. Consequently I was unable to confirm the completeness of accounts payable as disclosed in the financial statements. Further details relating to this are included in paragraph 30.

13. Suspense accounts, included in accounts payable in note 8 to the annual financial statements, included amounts totalling more than R400 000 that dated back to 2004 and earlier, which remained unresolved. In certain instances amounts included in these suspense accounts were received as early as 1997.

**Provisions**

14. The provision for landfill sites amounting to R862 000, disclosed in note 5 to the annual financial statements was based on an estimate by the technical director. The methods and assumptions used to estimate the provision were not provided by management and were not disclosed in the annual financial statements. Consequently, the validity, accuracy and completeness of this provision could not be determined.

**Qualified opinion**

15. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Bergrivier Municipality as at 30 June 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the MFMA.

**Emphasis of matter**

I draw attention to the following matter:

**Basis of accounting**

16. As set out in accounting policy note 1 of the financial statements the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of *General Notice 552* issued in *Government Gazette No. 30013 of 27 June 2007.*

**OTHER MATTERS**

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

**Non-compliance with applicable legislation**

**MFMA**

17. Contrary to section 65(1) of the MFMA, the municipality did not have an effective system of internal control to adequately manage creditors and payments.

18. The financial statements for the 2006-07 financial year were only submitted on 15 October 2007 and not within two months after the end of the financial year as required by section 126(1)(a) of the MFMA.

19. In terms of section 164 of the MFMA no loan agreements may be entered into between the municipality and its councillors and officials. Contrary to these officials signed loan agreements subsequent to 1 July 2004. These loans amounted to R331 094 at year end as disclosed in note 14 to the financial statements.

20. The financial statements for the 2006-07 financial year were only submitted on 19 September 2007 and not within two months after the end of the financial year as required by section 126(1)(a) of the MFMA.

**Municipal Systems Act**

21. An organogram, as required for the implementation of the integrated development plan (IDP) and addressing the municipality's transformation needs, was not in place as required by section 26(a) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

**Municipal supply chain management regulations issued in terms of General Notice 868 in Government Gazette 27636 of 30 May 2005**

22. Contrary to section 1(a)(ii) of the supply chain management regulations, several projects did not have sufficient documentation on file regarding those items that scored preferential points for bidders during the project allocation process. These included documentation regarding the bidder's PDI status, women and disability ownership, and proximity of the bidder's business.

    The following information could not be obtained during the audit:

    - The tender advertisement for the construction of the Porterville swimming pool as required by section 20 of the supply chain management regulations .

    - The signed contract between the municipality and the contractor, for the construction of the "Piketberg Pavilion".

    - The municipality had no framework to monitor the performance of contractors as prescribed by section 38(d)(ii) of the supply chain management regulations.

**Municipal Properties Rates Act**

23. The Municipal Properties Rates Act, 2004 (Act No. 6 of 2004) requires that a municipality must draw up and maintain a register in respect of the properties it holds. No such register was maintained for the 2006-07 financial year.

**General Notice 522 in Government Gazette No. 30013 of 27 June 2007**

24. The following were not disclosed in the financial statements as required by *General Notice 522 of 2007:*

    - a discussion of the progress made with full compliance with Generally Recognised Accounting Practice (GRAP), Generally Accepted Municipal Accounting Practice (GAMAP) and Generally Accepted Accounting Practice (GAAP).

    - a narrative explanation of the extent to which the information in the financial statements would need to be adjusted to fully comply with GRAP, GAMAP and GAAP.

25. The municipality did not submit a detailed implementation plan to the National Treasury as required by *General Notice 522 of 2007.*

**Matters of governance**

26. No internal audit function or audit committee has been established as required by sections 165 and 166 of the MFMA.

**Material corrections made to the financial statements submitted for auditing**

27. The financial statements, approved by the accounting officer and submitted for audit on 15 October 2007, have been significantly revised in respect of the following misstatement identified during the audit:

- The capital commitments disclosed in note 39 to the annual financial statements did not reflect the changes requested by the mayoral committee in its meeting held to authorise the 2007-08 budget. The committee had requested an increase in the capital budget for R4 430 000. The financial statements were subsequently adjusted to reflect this amount.

- Property rates disclosed in note 20 to the annual financial statements included the exemption portion amounting to R292 392 990 (2007) and R289 341 890 (2006), which was subsequently corrected.

**Value-for-money matters**

**Human resource management**

28. A documented human resource plan was not in place during the year under review and a 10% vacancy rate existed within the finance section.

**Internal control**

29. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies existed in more than one internal control component.

| Reporting item | Control environ-ment | Assess-ment of risks | Control activities | Information and communi-cation | Monitoring |
|---|---|---|---|---|---|
| **Basis for qualification** | | | | | |
| Consumer debtors | | | X | X | |
| Property, plant and equipment | X | | X | X | |
| Accounts payable | X | | X | | X |

| Reporting item | Control environ-ment | Assess-ment of risks | Control activities | Information and communi-cation | Monitoring |
|---|---|---|---|---|---|
| Provisions | | | | X | |
| **Other matters** | | | | | |
| Non-compliance with applicable laws and regulations | X | | X | X | |
| Matters of governance | X | | X | | |
| Material corrections made to financial statements | X | | X | | X |
| Value-for-money matters | X | | | X | X |

**Investigations in progress or completed**

30. The municipal manager has commissioned forensic investigations into two possible fraudulent and/or irregular acts by officials and suppliers.

- A pending investigation into the advances made by the Bergrivier Municipality to the Goedverwacht Tourism Bureau.

- A current investigation into the irreconcilable difference of R1,1 million between the amount due to the Western Cape Provincial Department of Public Works and Transport and the amount reflected as payable to the department in the municipality's financial records.

**Unaudited supplementary schedules**

31. The supplementary information set out on pages 41 to 67 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion on them.

## OTHER REPORTING RESPONSIBILITIES

### Reporting on performance information

32. I was engaged to audit the performance information.

### Responsibility of the accounting officer for the performance information

33. In terms of section 121(3)(c) of the MFMA the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

### Responsibility of the Auditor-General

34. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 29919 of 2007*, issued in *Government Gazette No. 646 of 25 May 2007* and section 45 of the MSA.

35. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

36. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### Non-compliance to regulatory requirements

37. Contrary to section 40 of MSA the municipality did not establish a mechanism to monitor and review its performance management system.

38. In terms of section 32(1)(a) of the MSA the municipal manager must submit a copy of the IDP to the MEC for Local Government in the province within 10 days after the adoption of the IDP by the municipal council. The municipality was unable to confirm whether such submission of the IDP had been made.

### Performance information not received in time

39. I was unable to complete the evaluation of the quality of the reported performance information as set out on pages XX to XX of the annual report, since the information was not received during the audit.

**APPRECIATION**

40. The assistance rendered by the staff of the Bergrivier Municipality during the audit is sincerely appreciated.

Auditor-General

Cape Town

15 January 2008

AUDITOR-GENERAL